

consideration of the bill (H. R. 5187) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs; without amendment (Rept. No. 1007). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 279. Resolution providing for the consideration of the bill (H. R. 940) to authorize public improvements in Alaska, and for other purposes; without amendment (Rept. No. 1008). Referred to the House Calendar.

Mr. SPENCE: Committee on Banking and Currency. H. R. 5533. A bill to amend the National Housing Act, as amended, and the Reconstruction Finance Corporation Act, as amended; with an amendment (Rept. No. 1009). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BATTLE:

H. R. 5567. A bill to provide for research in child life and for grants to States for maternal and child health and crippled children's services; to the Committee on Interstate and Foreign Commerce.

By Mr. CLEMENTE:

H. R. 5568. A bill to amend the Social Security Act, as amended, to provide lump-sum payments upon the death of certain individuals who are neither fully nor currently insured, and for other purposes; to the Committee on Ways and Means.

By Mr. DAVENPORT:

H. R. 5569. A bill to amend the Service-men's Readjustment Act of 1944 to extend the period during which readjustment allowances may be paid; to the Committee on Veterans' Affairs.

By Mr. DEWART:

H. R. 5570. A bill to promote the rehabilitation of the Chippewa Cree Tribe of Indians of the Rocky Boy's Reservation, Mont., and for other purposes; to the Committee on Public Lands.

By Mr. LESINSKI:

H. R. 5571. A bill to amend the act approved July 18, 1940 (54 Stat. 766; 24 U. S. C., 1946 ed., sec. 196b), entitled "An act relating to the admission to St. Elizabeths Hospital of persons resident or domiciled in the Virgin Islands of the United States," by enlarging the classes of persons admissible into St. Elizabeths Hospital and in other respects; to the Committee on Education and Labor.

By Mr. PETERSON:

H. R. 5572. A bill to liberalize pensions for certain veterans of the War with Spain, the Philippine Insurrection, and the China Relief Expedition; to the Committee on Veterans' Affairs.

H. R. 5573. A bill providing for a preliminary examination and survey for a barge channel from Tampa Bay to the vicinity of Booth Point, together with the necessary turning basin; to the Committee on Public Works.

By Mr. RANKIN (by request):

H. R. 5574. A bill to amend further the National Service Life Insurance Act of 1940, as amended; to the Committee on Veterans' Affairs.

By Mr. SASSER:

H. R. 5575. A bill to amend the act entitled "An act to authorize an increase of the number of cadets at the United States Military Academy and to provide for maintaining the corps of cadets at authorized strength," approved June 3, 1942 (56 Stat. 306); to the Committee on Armed Services.

H. R. 5576. A bill to increase the number of midshipmen allowed at the United States Naval Academy from the District of Columbia; to the Committee on Armed Services.

By Mr. LESINSKI:

H. R. 5577. A bill to assure the provision of all necessary services to prepare disabled persons for and establish them in remunerative employment, to provide for grants-in-aid to the States for adjustment training services for the blind, and for establishing employment opportunities for the severely disabled, to amend the Vocational Rehabilitation Act, as amended (U. S. C., 1946 ed., title 29, ch. 4), to amend the Randolph-Sheppard Act (U. S. C., 1946 ed., title 20, ch. 6A), and for other purposes; to the Committee on Education and Labor.

By Mr. HARRIS (by request):

H. R. 5578. A bill to amend the act entitled "An act to regulate boxing contests and exhibitions in the District of Columbia, and for other purposes," approved December 20, 1944; to the Committee on the District of Columbia.

By Mr. WERDEL:

H. J. Res. 296. Joint resolution to appoint a board of engineers to examine and report upon the proposed central Arizona project; to the Committee on Public Lands.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California relative to Senate Joint Resolutions Nos. 26, 30, and 35; (1) Requesting Congress to refuse passage of H. R. 2394, creating a Franklin Delano Roosevelt Memorial Redwood Forest; (2) relative to the Spanish-Mexican land-grant papers; (3) relative to accepting permit from the Government of the United States for the transfer of lands for the use of the Golden Gate Bridge and highway district; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND:

H. R. 5579. A bill conferring jurisdiction on the Court of Claims of the United States to hear, determine, and render judgment on the claims of G. T. Elliott, Inc., and M. F. Quinn; to the Committee on the Judiciary.

By Mrs. BOLTON of Ohio:

H. R. 5580. A bill for the relief of Mrs. Tsuneko Shimokawa Guenther; to the Committee on the Judiciary.

By Mr. CARROLL:

H. R. 5581. A bill for the relief of Deborah Elizabeth Ebel; to the Committee on the Judiciary.

By Mr. FALLON:

H. R. 5582. A bill for the relief of the Belle Isle Cab Co., Inc.; to the Committee on the Judiciary.

By Mr. HART:

H. R. 5583. A bill for the relief of Carlos Maria Ribeiro; to the Committee on the Judiciary.

By Mr. JENKINS:

H. R. 5584. A bill to require delivery and return of property of the estate of John F. Hackfeld, deceased, seized by the Alien Property Custodian, and to confirm the original restoration thereof by the President; to the Committee on the Judiciary.

H. R. 5585. A bill to repay income and estate taxes to the estate of John F. Hackfeld, deceased, erroneously collected on basis of American citizenship subsequently determined by Supreme Court not to have been acquired by taxpayer; to the Committee on the Judiciary.

By Mr. SANBORN:

H. R. 5586. A bill for the relief of Marco Murolo, and his wife, Romana Pellis Murolo; to the Committee on the Judiciary.

By Mr. SIMS:

H. R. 5587. A bill for the relief of Mrs. Lydia L. Smith; to the Committee on the Judiciary.

By Mr. WHITE of Idaho:

H. R. 5588. A bill for the relief of Peter W. Anderson; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause I of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1276. By Mr. JUDD: Petition of Mrs. Pearl St. John and others, Minneapolis, Minn., in support of the Bryson bill, H. R. 2428, and a Senate counterpart of that measure; to the Committee on Interstate and Foreign Commerce.

1277. By Mr. LYNCH: Petition of the Ancient Order of Hibernians of America urging amendment of article 4 of the Atlantic Pact; to the Committee on Foreign Affairs.

1278. By the SPEAKER: Petition of D. Ellsworth and others, Mentone, Ind., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1279. Also, petition of Mrs. J. H. Griggs and others, Sunbury, Pa., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1280. Also, petition of T. F. Woolley and others, Temple, Tex., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1281. Also, petition of Howard W. Elkins and others, Miami, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

## SENATE

TUESDAY, JULY 12, 1949

(Legislative day of Thursday, June 2, 1949)

The Senate met, in executive session, at 12 o'clock meridian, on the expiration of the recess.

Rev. Bernard Braskamp, D. D., pastor of the Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou who are the guiding intelligence in the life of men and nations, we pray that in our search for the right solution to our national and international problems we may daily direct our minds and hearts toward Thee from whom cometh our help.

We are confident that in our longings and efforts to find the blessedness of world peace Thou art not calling upon us to seek and accept peace at any price.

We believe, however, that we are divinely commissioned to strive for righteousness and justice, whatever the cost may be to achieve those noble ends.

Inspire us with the glory and splendor of an idealism which knows and proclaims that, "Tis man's perdition to be safe when for the truth he ought to die."

Hear us in Christ's name. Amen.

#### THE JOURNAL

On request of Mr. Lucas, and by unanimous consent, the reading of the Journal of the proceedings of Monday, July 11, 1949, was dispensed with.

# MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on today, July 12, 1949, the President had approved and signed the act (S. 1138) for the relief of John W. Crumpacker, commander, United States Navy.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the bill (S. 937) to authorize the Secretary of the Treasury to effect the payment of certain claims against the United States, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H. R. 3699) to amend the Federal Farm Loan Act, as amended, to authorize loans through national farm-loan associations in Puerto Rico; to modify the limitations on Federal land-bank loans to any one borrower; to repeal provisions for subscriptions to paid-in surplus of Federal land banks and cover the entire amount appropriated therefor into the surplus fund of the Treasury; to effect certain economies in reporting and recording payments on mortgages deposited with the registrars as bond collateral, and canceling the mortgage and satisfying and discharging the lien of record; and for other purposes, in which it requested the concurrence of the Senate.

## ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 70. An act to make effective in the District Court for the Territory of Alaska rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States;

H. R. 578. An act for the relief of Carlton C. Grant and others;

H. R. 599. An act for the relief of Victor R. Browning & Co., Inc.;

H. R. 2737. An act to establish the Medal for Humane Action for award to persons serving in or with the armed forces of the United States participating in the current military effort to supply necessities of life to the people of Berlin, Germany;

S. J. Res. 114. Joint resolution to provide an increase in the authorization for the Federal National Mortgage Association; and

H. J. Res. 287. Joint resolution extending section 1302 (a) of the Social Security Act, as amended, until June 30, 1950.

## CALL OF THE ROLL

Mr. LUCAS. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

|          |          |             |
|----------|----------|-------------|
| Aiken    | Chapman  | Fulbright   |
| Anderson | Chavez   | George      |
| Baldwin  | Connally | Gillette    |
| Bricker  | Donnell  | Graham      |
| Bridges  | Dulles   | Green       |
| Butler   | Ferguson | Gurney      |
| Cain     | Flanders | Hayden      |
| Capehart | Frear    | Hendrickson |

|                 |              |               |
|-----------------|--------------|---------------|
| Hickenlooper    | McClellan    | Smith, N. J.  |
| Hill            | McFarland    | Sparkman      |
| Hoey            | McGrath      | Stennis       |
| Holland         | McKellar     | Taft          |
| Humphrey        | McMahon      | Taylor        |
| Hunt            | Malone       | Thomas, Okla. |
| Ives            | Maybank      | Thomas, Utah  |
| Jenner          | Millikin     | Thye          |
| Johnston, S. C. | Morse        | Tobey         |
| Kefauver        | Mundt        | Tydings       |
| Kerr            | Murray       | Vandenberg    |
| Knowland        | Neely        | Wherry        |
| Langer          | Robertson    | Wiley         |
| Lodge           | Russell      | Williams      |
| Long            | Saltonstall  | Withers       |
| Lucas           | Schoeppel    | Young         |
| McCarthy        | Smith, Maine |               |

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Illinois [Mr. DOUGLAS], the Senator from California [Mr. DOWNEY], the Senator from Colorado [Mr. JOHNSON], the Senator from West Virginia [Mr. KILGORE], the Senator from Washington [Mr. MAGNUSON], the Senator from Nevada [Mr. McCARRAN], the Senator from Idaho [Mr. MILLER], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Florida [Mr. PEPPER] are detained on official business in meetings of committees of the Senate.

The Senator from Mississippi [Mr. EASTLAND] and the Senator from Texas [Mr. JOHNSON] are absent on public business.

The Senator from Louisiana [Mr. ELLENDER] is absent by leave of the Senate on official business, having been appointed an adviser to the delegation of the United States of America to the Second World Health Organization Assembly meeting at Rome, Italy.

The Senator from Maryland [Mr. O'CONNOR] is necessarily absent, attending the funeral of former Congressman Hugh Meade, of Maryland.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER], the Senator from Montana [Mr. ECTON], and the Senator from Pennsylvania [Mr. MARTIN] are detained on official business.

The Senator from Oregon [Mr. CORBON], the Senator from Kansas [Mr. REED], and the Senator from Utah [Mr. WATKINS] are detained because of attendance at meetings of committees of the Senate.

The VICE PRESIDENT. A quorum is present.

## TRANSACTION OF ROUTINE BUSINESS

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to introduce bills and joint resolutions, present petitions and memorials, and incorporate into the RECORD and the Appendix of the RECORD routine matters, without debate, as though we were in the morning hour.

The VICE PRESIDENT. Without objection, it is so ordered.

## EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

## LAWS ENACTED BY SEVENTEENTH LEGISLATURE OF PUERTO RICO

A letter from the Acting Secretary of the Interior, transmitting, pursuant to law, copies of laws enacted by the Seventeenth Legislature of Puerto Rico, February 14 to April 15, 1949 (with an accompanying document); to the Committee on Interior and Insular Affairs.

## COST OF REHABILITATION AND REPAIR OF DAMAGES CAUSED BY ARMY AIR FORCE AT CERTAIN PUBLIC AIRPORTS

Two letters from the Acting Secretary of Commerce, transmitting, pursuant to law, certifications by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair of damages caused by United States Army Air Force at the Memphis Municipal Airport, Memphis, Tenn.; the Lubbock Municipal Airport, Lubbock, Tex.; and the Del Norte County Airport, Crescent City, Calif. (with accompanying papers); to the Committee on Interstate and Foreign Commerce.

## AUDIT REPORT OF FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report of the Federal Savings and Loan Insurance Corporation, fiscal year ended June 30, 1948 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

## DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the committee on the part of the Senate.

## PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution of the legislature of the State of California; to the Committee on Agriculture and Forestry:

"Senate Joint Resolution 26

"Joint resolution relative to memorializing Congress to refuse passage of H. R. 2394, creating a Franklin Delano Roosevelt Memorial Redwood Forest in the counties of Del Norte, Humboldt, Mendocino, and Sonoma, State of California

"Whereas H. R. 2394, now pending, proposes to create in the northwestern portion of California the Franklin Delano Roosevelt Memorial Redwood Forest, in addition to the parks and national forests now existing; and

"Whereas the purposes for which this memorial redwood forest is to be created are indefinite or not defined in H. R. 2394, while the disadvantages and disabilities which will accrue to the State of California and to the people of this State should this bill become law are at once apparent; and

"Whereas they accrue from the fact that this bill would take from private ownership and add to the public domain between two and two and one-half million acres of highly valuable timber and other lands, thereby decreasing by more than one-half the taxable areas and approximately one-half of the assessed wealth of the counties of Del Norte, Humboldt, and Mendocino, and, in addition, remove from taxation about 85,000 acres from private ownership in Sonoma County, placing almost the entire lumbering industry of this part of California under Federal control and withdrawing from production of lumber more than 200,000 acres of redwood timber, as a result of which agriculture, stock raising, and general business in the area would be seriously impaired; and

"Whereas the removal of such large areas of valuable lands from the assessment rolls would so reduce the tax revenue as to disrupt the local economy by placing an intolerable burden upon local government and



the remaining property holders in the area, seriously affecting most adversely the economy of the entire State; and

"Whereas there is no reasonable basis for the creation of a national memorial redwood forest in this part of the State, since the State of California, aided by private donors, has acquired and preserved for all time approximately 60,000 acres of the finest groves of redwoods and now administers for the public in the counties named over 40,000 acres of redwood parks and is still in the process of acquiring many additional thousands of acres for these parks, and has also acquired some 36,270 feet of ocean frontage, and has adopted numerous laws and regulations to bring about better logging methods, reforestation, and conservation, and for these purposes has acquired some 53,000 acres of cut-over and virgin timberlands and has embarked upon an extended program of experimentation and development of better reforestation methods and more adequate conservation controls which this legislature believe to be adequate and effective; and

"Whereas creation of the memorial redwood forest proposed by H. R. 2394 would conflict with and seriously hamper the State park and reforestation program of the State of California: Now, therefore, be it

*"Resolved by the Senate and Assembly of the State of California (jointly).* That the passage of H. R. 2394 is highly undesirable for the reason that the provisions of the bill would accomplish no reasonable purpose but would seriously and most adversely affect the economic and cultural interests of the entire State of California; and be it further

*"Resolved,* That the Congress of the United States, particularly the Senators and Representatives of the State of California in the National Congress, and especially Mrs. HELEN GAHAGAN DOUGLAS, author of H. R. 2394, are hereby memorialized vigorously to oppose the passage of H. R. 2394; and be it further

*"Resolved,* That the secretary of the senate forthwith transmit copies of this resolution to the chairman and members of the House Committee on Agriculture, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Armed Services:

#### "Senate Joint Resolution 35

"Joint resolution relative to accepting permit from the Government of the United States for the transfer of lands for the use of the Golden Gate Bridge and Highway District for the construction of additional garage area and for other purposes and relating to the retrocession by the Congress of the United States of jurisdiction over said area

"Whereas the Secretary of the Army of the United States has, by grant dated the 15th day of June 1949, granted to the Golden Gate Bridge and Highway District control over certain areas additional to the present Golden Gate Bridge and Highway District for the purpose of constructing, erecting, operating, and maintaining certain improvements in order to provide additional space for machine-shop facilities, storage of bridge equipment, and garaging; and

"Whereas the said grant is by its terms granted, an extension of the original permit to erect the Golden Gate Bridge made by the Assistant Secretary of War, dated October 27, 1930, and various permits granted subsequent to that date; and

"Whereas said permit dated the 13th day of February 1931, requires as a condition precedent to the taking effect of such permit that the State of California accept the same and conform to the requirements therein contained: Now, therefore, be it

*"Resolved by the Senate and Assembly of the State of California (jointly).* That the said permit granted by the Secretary of the Army, successor to the previously designated Secretary of War, to the Golden Gate Bridge

and Highway District be and the same hereby is, together with each, all, every and singular, the terms, conditions, limitations, reservations and requirements therein contained accepted by and on behalf of the State of California; and be it further

*"Resolved,* That the State of California does hereby make application to Congress for a retrocession of jurisdiction over all of the lands and territories described in the original and amendatory permits heretofore or hereafter to be made; and be it further

*"Resolved,* That the State of California will, in case such retrocession of jurisdiction is granted by Congress, accept such retrocession of jurisdiction and will assume the responsibility for managing, controlling, and policing the same, all subject to the conditions embraced within said permit; and be it further

*"Resolved,* That each and every condition and restriction contained within said permit granted by the United States Government will be fully complied with; and be it further

*"Resolved,* That the State of California does hereby agree to accept said permit and will in all respects comply therewith and obey all of the requirements thereof; and be it further

*"Resolved,* That copies of this resolution be transmitted to the President of the United States, to the Secretary of the Army, to each House of Congress, and to the Senators and Representatives in Congress of the State of California."

A joint resolution of the Legislature of the State of California; to the Committee on Post Office and Civil Service:

#### "Senate Joint Resolution 30

"Joint resolution relative to the Spanish-Mexican Land Grant Papers

"Whereas certain documents and maps, known as the Spanish-Mexican Land Grant Papers, furnish the basis for much of the landholding in the State; and

"Whereas these papers consist of the following maps and documents:

"1. All Expedientes, 1 to 579, and their Disenos.

"2. All filed Expedientes, 1 to 133.

"3. All deposited Expedientes, 1 to 21.

"4. All unclassified or incomplete Expedientes, 1 to 315.

"5. All Titulos, 1 to 108.

"6. The Toma de Razon or Register of Land Grants, 197 to 317.

"7. The Mexican wall map of California of 1845.

"8. The United States Patents.

"9. All other Spanish-Mexican land-grant documents which were sent from the United States Public Survey Office in Glendale, Calif., to the National Archives in 1937 for restoration and which were restored and deposited in the National Archives in 1939; and

"Whereas these papers consist of part of the archives taken from Los Angeles and Monterey in 1846 by the United States Army and of documents taken from various city archives and from the secretary of state in 1858; and

"Whereas these papers were taken to the United States Surveyor General's Office in San Francisco, Calif., and were later transferred to the United States Public Survey Office in Glendale, Calif., where they remained until about 1937 when they were sent to the National Archives for restoration; and

"Whereas these papers were deposited with the National Archives in 1939 by the United States Land Office; and

"Whereas these papers have a great historical value to the people of this State: Now, therefore, be it

*"Resolved by the Senate and Assembly of the State of California (jointly).* That the Legislature of the State of California respectfully requests the National Archives to re-

turn the Spanish-Mexican Land Grant Papers to the State of California to be filed with the secretary of state; and be it further

*"Resolved,* That the secretary of the senate be requested to transmit copies of this resolution to the Archivist of the United States and to each Senator and Representative from California in the Congress of the United States."

A letter in the nature of a petition from Paul B. Porter, of Honolulu, Hawaii, relating to the economic and social problems of the people of Hawaii: to the Committee on Labor and Public Welfare.

A letter in the nature of a memorial from the Potter County Medical Society, Amarillo, Tex., signed by Gaylord R. Chase, M. D., secretary, remonstrating against the enactment of legislation providing compulsory health insurance; to the Committee on Labor and Public Welfare.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mrs. SMITH of Maine, from the Committee on the District of Columbia:

S. 1350. A bill to provide for an additional judge for the juvenile court of the District of Columbia, and for other purposes; with amendments (Rept. No. 654).

By Mr. MCKELLAR, from the Committee on Appropriations:

H. R. 4830. A bill making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes; with amendments (Rept. No. 655).

#### REPORTS OF COMMITTEES ON PERSONNEL AND FUNDS

Pursuant to Senate Resolution 123, Eightieth Congress, first session, the following reports were received by the Secretary of the Senate:

JULY 15, 1949.

#### REPORT OF COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, Eightieth Congress, first session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1949, to July 15, 1949, together with the funds available to and expended by it and its subcommittees:

| Name and profession                           | Rate of gross annual salary | Total salary received |
|---|-----------------------------|-----------------------|
| Mills Astin, chief clerk                      | \$8,037.08                  | \$4,018.54            |
| Nellie D. McSherry, assistant chief clerk     | 7,405.06                    | 3,702.53              |
| Albert A. Grorud, professional staff member   | 8,037.08                    | 4,018.54              |
| Elmer K. Nelson, professional staff member    | 8,037.08                    | 4,018.54              |
| Stewart French, professional staff member     | 7,405.06                    | 1,151.24              |
| Arthur A. Sandusky, professional staff member | 7,405.06                    | 82.27                 |
| Charlotte Mickle, clerical assistant          | 3,873.80                    | 1,823.07              |
| Elizabeth G. Magill, clerical assistant       | 3,294.45                    | 1,020.00              |
| Oscar G. Iden, professional staff member      | 8,037.08                    | 108.53                |
| Wallace D. Barlow, professional staff member  | 7,405.06                    | 925.62                |
| Orville Watkins, clerical assistant           | 5,446.32                    | 1,180.03              |
| Hugh R. Brown, professional staff member      | 8,037.08                    | 2,749.05              |

<sup>1</sup> Terminated Jan. 11, 1949.

<sup>2</sup> Terminated Feb. 15, 1949.

<sup>3</sup> Terminated Mar. 18, 1949.

<sup>4</sup> Terminated Apr. 30, 1949.

Funds authorized or appropriated for committee expenditure.....\$35,000.00

Amount expended.....4,844.94

Balance unexpended.....30,155.06

JOSEPH C. O'MAHONEY,

Chairman.

JULY 11, 1949.

REPORT OF SPECIAL COMMITTEE INVESTIGATING  
AMERICAN SMALL BUSINESS ENTERPRISES,  
UNDER RESOLUTION OF JUNE 12, 1948

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, Eightieth Congress, first session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1949, to January 31, 1949, together with the funds available to and expended by it and its subcommittees:

| Name and profession                      | Rate of gross annual salary | Total salary received |
|--|-----------------------------|-----------------------|
| Meredith, George F., executive director  | \$10,330.00                 | \$860.83              |
| Dickey, Raymond R., chief counsel        | 9,380.11                    | 781.67                |
| Wolken, Albert J., chief investigator    | 8,748.10                    | 729.00                |
| Guyon, Catherine L., consultant          | 8,195.08                    | 682.92                |
| Beverage, Albion P., research consultant | 6,852.05                    | 571.00                |
| Loveland, Aileen J., secretary           | 4,122.09                    | 343.50                |
| Nichols, Pearl Mae, secretary            | 4,122.09                    | 343.50                |
| Youse, Alma M., secretary                | 3,791.04                    | 315.92                |
| McNamara, Catherine G., secretary        | 3,791.04                    | 315.92                |
| Bauer, Virginia Lee, file clerk          | 2,963.40                    | 246.95                |
| Baggett, Jack F., clerk-messenger        | 2,715.10                    | 226.25                |

Funds authorized or appropriated for committee expenditure.....\$17,887.83  
Amount expended.....17,594.31

Balance unexpended.....293.52

KENNETH S. WHERRY,  
Chairman.

ENROLLED BILL AND JOINT RESOLUTION  
PRESENTED

The Secretary of the Senate reported that on today, July 12, 1949, he presented to the President of the United States the following enrolled bill and joint resolution:

S. 70. An act to make effective in the District Court for the Territory of Alaska rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States; and

S. J. Res. 114. Joint resolution to provide an increase in the authorization for the Federal National Mortgage Association.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KERR:

S. 2236. A bill for the relief of Jakub Kahan; to the Committee on the Judiciary.

By Mr. GILLETTE:

S. 2237. A bill to extend the time in which a motion or supplemental petition may be filed to substitute the Reconstruction Finance Corporation for certain dissolved corporations in pending actions, and for other purposes; to the Committee on Banking and Currency.

S. 2238. A bill for the relief of Louis Bernard Lapides; to the Committee on the Judiciary.

By Mr. BRICKER:

S. 2239. A bill for the relief of the alien Lt. Col. Panagiotis Christopoulos; to the Committee on the Judiciary.

(Mr. JOHNSON of Colorado (by request) introduced Senate bill 2240, to authorize certain personnel and former personnel of the United States Coast Guard and the United States Public Health Service to accept certain gifts tendered by foreign governments, which was referred to the Committee on Interstate and Foreign Commerce, and appears under a separate heading.)

By Mr. DOWNEY:

S. 2241. A bill for the relief of Pilar Ygoa Ayesa and her minor children, Jose Luis, Carmen, Carlos, and Guillermo Ayesa;

S. 2242. A bill for the relief of John E. Dwyer; and

S. 2243. A bill for the relief of Tefvik Kamil Kutay; to the Committee on the Judiciary.

By Mr. BYRD:

S. 2244. A bill conferring jurisdiction on the Court of Claims of the United States to hear, determine, and render judgment on the claims of G. T. Elliott, Inc., and M. F. Quinn; to the Committee on the Judiciary.

By Mr. LUCAS:

S. 2245. A bill for the relief of Hom Quock Min; to the Committee on the Judiciary.

(Mr. SPARKMAN introduced Senate bill 2246, to amend the National Housing Act, as amended, and for other purposes, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

ACCEPTANCE OF CERTAIN GIFTS OF FOREIGN GOVERNMENTS BY PERSONNEL OF COAST GUARD AND PUBLIC HEALTH SERVICE

Mr. JOHNSON of Colorado. Mr. President, I introduce for appropriate reference a bill to authorize certain personnel and former personnel of the United States Coast Guard and the United States Public Health Service to accept certain gifts tendered by foreign governments.

This legislation has been requested by the Secretary of the Treasury. I ask unanimous consent to have inserted in the body of the RECORD a letter from the Acting Secretary of the Treasury to the President of the Senate explaining the purpose of the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred, and, without objection, the letter will be printed in the RECORD.

The bill (S. 2240) to authorize certain personnel and former personnel of the United States Coast Guard and the United States Public Health Service to accept certain gifts tendered by foreign governments, introduced by Mr. JOHNSON of Colorado (by request), was read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The letter presented by Mr. JOHNSON of Colorado, is as follows:

FEBRUARY 24, 1949.

THE PRESIDENT OF THE SENATE.

SIR: There is enclosed herewith a draft of a proposed bill "To authorize certain personnel and former personnel of the United States Coast Guard and the United States Public Health Service to accept certain gifts tendered by foreign governments."

The draft of bill would authorize the commanding officer of a Coast Guard ice breaker to accept from the Greenland administration a silver box tendered in recognition of services rendered to certain distressed motor schooners of the Greenland administration. It will also authorize the crew of a Coast Guard seaplane, and a Public Health Service physician who was flying with the plane, to accept from the British Minister of Transport a piece of plate and cigarette cases tendered in recognition of services rendered in removing an injured seaman from the British vessel *Silver Sandal* for treatment ashore.

The proposed legislation is necessary in view of article I, section 9, clause 8 of the Constitution, which provides that no person holding any office of profit or trust under the United States shall, without the consent of Congress, accept any present, emolument,

office, or title of any kind whatever, from any king, prince, or foreign state, and in view of section 3 of the act of January 31, 1881 (21 Stat. 604, U. S. C., title 5, sec. 115), which provides that foreign presents and decorations for an officer of the United States shall be tendered through the State Department but shall not be delivered by the State Department unless authorized by Congress.

Enactment of this proposed bill would involve no expense to the Government.

It would be appreciated if you would lay this proposed bill before the Senate. A similar proposed bill has been transmitted to the Speaker of the House of Representatives.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this proposed legislation to the Congress.

Very truly yours,

E. H. FOLEY, Jr.,  
Acting Secretary of the Treasury.

HOUSE BILL REFERRED

The bill (H. R. 3699) to amend the Federal Farm Loan Act, as amended, to authorize loans through national farm-loan associations in Puerto Rico; to modify the limitations on Federal land-bank loans to any one borrower; to repeal provisions for subscriptions to paid-in surplus of Federal land banks and cover the entire amount appropriated therefor into the surplus fund of the Treasury; to effect certain economies in reporting and recording payments on mortgages deposited with the registrars as bond collateral, and cancelling the mortgage and satisfying and discharging the lien of record; and for other purposes, was read twice by its title, and referred to the Committee on Agriculture and Forestry.

EXECUTIVE AND INDEPENDENT OFFICES  
APPROPRIATIONS—AMENDMENT

Mr. PEPPER submitted an amendment intended to be proposed by him to the bill (H. R. 4177) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

NOTICES OF MOTIONS TO SUSPEND THE  
RULE—AMENDMENTS

Mr. THOMAS of Oklahoma. In accordance with rule XL, of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely:

On page 10, after line 24, insert:

"Sec. 202. During the fiscal year ending June 30, 1950, the Department of the Army is authorized to operate the Morgantown Ordnance Works at Morgantown, W. Va., the Ohio River Ordnance Works at West Henderson, Ky., and the San Jacinto Ordnance Works at San Jacinto, Tex., for the production of anhydrous ammonia for the manufacture of nitrogenous fertilizer materials or nitrogenous compounds for its use in the occupied countries and for sale for use in the Republic of South Korea. From the proceeds of materials sold there shall be credited to the appropriation for Government and Relief in Occupied Areas an amount equivalent to the cost of production of such materials and any balance to miscellaneous receipts of the Treasury: *Provided, however,*



That nothing in this section shall be construed to repeal the provisions of section 205 of Public Law 793, Eightieth Congress, with respect to the production and allocation of nitrogenous fertilizer materials for domestic use."

Mr. THOMAS of Oklahoma also submitted an amendment intended to be proposed by him to House bill 4830, making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. BRIDGES. In accordance with rule XL, of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely:

On page 4, line 5, after the date "1950" and before the period, insert: "Provided further, That the Administrator is authorized to issue notes from time to time during the fiscal year 1950 for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$150,000,000, for the purpose of allocating funds during such fiscal year to the Export-Import Bank of Washington for assistance on credit terms under the provisions of said act; and the provisions of paragraph (2) of section 111 (c) of said act shall, to the extent applicable, be applicable to the notes authorized to be issued in this proviso and to all functions of the Administrator, the Secretary of the Treasury, and the Export-Import Bank of Washington in extending the assistance provided for herein."

Mr. BRIDGES also submitted an amendment intended to be proposed by him to House bill 4830, making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. McCARRAN. In accordance with rule XL, of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely:

On page 3, line 19, after the word "Provided", insert: "That of this appropriation \$50,000,000 shall be used only for assistance to Spain, to be extended upon credit terms as provided in section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended: Provided further."

Mr. McCARRAN also submitted an amendment intended to be proposed by him to House bill 4830, making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. McCLELLAN. In accordance with rule XL, of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose

of proposing to the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely:

On page 3, line 12, after the word "which", insert the following: "(1) the amount required to finance the procurement of surplus agricultural products (determined surplus by the Secretary of Agriculture) of the kinds and in the quantities set out in the Economic Cooperation Administration budget justification submitted to the Senate shall be available only for such financing, and (2)".

Also in accordance with rule XL, of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 4830) making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, the following amendment, namely:

On page 6, line 7, after the word "which", insert the following: "(1) the amount required to finance the procurement of surplus agricultural products (determined surplus by the Secretary of Agriculture) of the kinds and in the quantities set out in the Department of the Army budget justification submitted to the Senate shall be available only for such financing, and (2)".

Mr. McCLELLAN also submitted two amendments intended to be proposed by him to House bill 4830, making appropriations for foreign aid for the fiscal year ending June 30, 1950, and for other purposes, which were ordered to lie on the table and to be printed.

(For text of amendments referred to, see the foregoing notices.)

#### STUDY AND INVESTIGATION OF MONOPOLY AND ANTITRUST LAWS—STATEMENT BY SENATOR MYERS

[Mr. MYERS asked and obtained leave to have printed in the RECORD a statement issued by him on July 9, 1949, endorsing a congressional investigation and study of the antitrust laws, which appears in the Appendix.]

#### LETTER FROM SENATOR MYERS TO PRESIDENT TRUMAN REGARDING MIDYEAR ECONOMIC REPORT

[Mr. MYERS asked and obtained leave to have printed in the RECORD a letter written by him to President Truman, dated July 11, 1949, regarding the President's Midyear Economic Report, which appears in the Appendix.]

#### BIWEEKLY REPORT BY SENATOR MYERS TO PEOPLE OF PENNSYLVANIA—TRANSCRIPTION NO. 1

[Mr. MYERS asked and obtained leave to have printed in the RECORD transcription No. 1 in the biweekly 1949 series of radio reports by himself to the people of Pennsylvania, which appears in the Appendix.]

#### BIWEEKLY REPORT BY SENATOR MYERS TO PEOPLE OF PENNSYLVANIA—TRANSCRIPTION NO. 2

[Mr. MYERS asked and obtained leave to have printed in the RECORD transcription No. 2 in the biweekly 1949 series of radio reports by himself to the people of Pennsylvania, which appears in the Appendix.]

#### BIWEEKLY REPORT BY SENATOR MYERS TO PEOPLE OF PENNSYLVANIA—TRANSCRIPTION NO. 3

[Mr. MYERS asked and obtained leave to have printed in the RECORD transcription

No. 3 in the biweekly 1949 series of radio reports by himself to the people of Pennsylvania, which appears in the Appendix.]

#### BIWEEKLY REPORT BY SENATOR MYERS TO PEOPLE OF PENNSYLVANIA—TRANSCRIPTION NO. 4

[Mr. MYERS asked and obtained leave to have printed in the RECORD transcription No. 4 in the biweekly 1949 series of radio reports by himself to the people of Pennsylvania, which appears in the Appendix.]

#### ATTENDANCE OF THE MARINE BAND AT TWENTY-THIRD ANNUAL CONVENTION OF RESERVE OFFICERS' ASSOCIATION

Mr. VANDENBERG. Mr. President, if I may have the attention of the majority and the minority leaders for a moment, I wish to say that the Armed Services Committee yesterday reported favorably a bill, S. 1803, authorizing the attendance of the United States Marine Band at the twenty-third annual convention of the Reserve Officers' Association of the United States, to be held in Grand Rapids week after next. This also has the approval of the armed services themselves. Obviously we shall have to have immediate action if the measure is to have any opportunity to serve its purpose. I wonder if there would be any objection—I am sure there would be no controversy—if I were to ask, as in legislative session, that Senate bill 1803, Calendar No. 648, be considered and passed at this time.

Mr. LUCAS. Mr. President, there is no objection on my part.

Mr. WHERRY. I have no objection, Mr. President.

The VICE PRESIDENT. Is there objection to the present consideration of Senate bill 1803?

There being no objection, the bill (S. 1803) to authorize the attendance of the United States Marine Band at the twenty-third annual convention of the Reserve Officers' Association of the United States, to be held in Grand Rapids, Mich., July 27 through July 30, 1949, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the President is authorized to permit the band of the United States Marine Corps to attend and give concerts at the twenty-third annual convention of the Reserve Officers' Association of the United States to be held in Grand Rapids, Mich., July 27 through July 30, 1949.

Sec. 2. For the purpose of defraying expenses of such band in attending and giving concerts at such convention there is hereby authorized to be appropriated a sufficient sum to cover the cost of transportation and pullman accommodations for the leaders and members of the Marine Band, and allowance not to exceed \$8 per day each for additional traveling and living expenses while on duty, such allowance to be in addition to the pay and allowance to which they would be entitled while serving their permanent station.

#### COMPARISON OF MILITARY AND FEDERAL CLASSIFIED CIVILIAN COMPENSATION

Mr. FLANDERS. Mr. President, on May 12 I asked and obtained leave to have printed in the RECORD a table showing the comparison of military and Federal classified civilian compensation—present systems and proposed revisions.

Since that time the House has brought out a military pay bill somewhat changed. I now ask unanimous consent

to have printed in the body of the Record the revised tables based on the House bill.

There being no objection, the tables were ordered to be printed in the Record, as follows:

[Tables 1 (a) and 1 (b) not included]

TABLE 2.—Comparison of military and Federal classified civilian compensation—present schedules and proposed schedules  
[Entrance rates—annual rates in dollars]

| Grade or rank                    |                         |  | Active-duty compensation |                                  |                                    |   | Estimated present annual value of deferred benefits |                                  |                                    |   |
|----------------------------------|-------------------------|--|--------------------------|----------------------------------|------------------------------------|---|---|----------------------------------|------------------------------------|---|
| Military                         |                         |  | Present schedules        |                                  | Proposed rates                     |   | Present schedules                                   |                                  | Proposed rates                     |   |
| Expected entry year <sup>1</sup> | Rank                    | Classified civilian (general schedule) | Military <sup>2</sup>    | Classified civilian <sup>3</sup> | Military (H. R. 5007) <sup>2</sup> | Classified civilian (Classification Act revision, S. 1762) <sup>3</sup> | Military <sup>4</sup>                               | Classified civilian <sup>5</sup> | Military (H. R. 5007) <sup>4</sup> | Classified civilian (Classification Act revision, S. 1762) <sup>5</sup> |
|                                  |                         |  | (1)                      | (2)                              | (3)                                | (4)   | (5)   | (6)                              | (7)                                | (8)   |
| <b>Officers:</b>                 |                         |  |                          |                                  |                                    |   |   |                                  |                                    |   |
| 30+                              | O-8 General             |  | \$13,801                 |                                  | \$16,428                           |   | \$2,640   |                                  | \$2,823                            |   |
| 30+                              | O-8 Lieutenant general  |  | 11,711                   |                                  | 14,298                             |   | 2,640   |                                  | 2,823                              |   |
| 30                               | O-8 Major general       | GS-18                                  | 11,111                   | \$10,305                         | 13,688                             | \$15,000  | 2,640   | \$618                            | 2,823                              | \$900   |
| 30                               |                         | GS-17                                  |                          | 10,305                           |                                    | 13,000  |   | 618                              |                                    | 780   |
| 30                               | O-7 Brigadier general   | GS-16                                  | 8,891                    | 10,305                           | 12,190                             | 11,500  | 1,980   | 618                              | 2,443                              | 690   |
| 30                               |                         | GS-15                                  |                          | 10,305                           |                                    | 10,000  |   | 618                              |                                    | 600   |
| 25                               | O-6 Colonel             | GS-14                                  | 8,441                    | 8,510                            | 9,979                              | 8,800   | 1,848   | 511                              | 2,001                              | 528   |
| 19                               | O-5 Lieutenant colonel  | GS-13                                  | 7,532                    | 7,432                            | 8,601                              | 7,600   | 1,502   | 446                              | 1,645                              | 456   |
| 13                               | O-4 Major               | GS-12                                  | 6,287                    | 6,235                            | 7,184                              | 6,400   | 1,188   | 374                              | 1,334                              | 384   |
| 7                                | O-3 Captain             | GS-11                                  | 4,857                    | 5,232                            | 5,918                              | 5,400   | 911   | 314                              | 1,067                              | 324   |
| 3                                | O-2 First lieutenant    | GS-10                                  | 4,141                    | 4,856                            | 5,000                              | 5,000   | 756   | 291                              | 823                                | 300   |
| 0                                | O-1 Second lieutenant   | GS-9                                   |                          | 4,103                            | 4,878                              | 4,600   |   | 269                              |                                    | 276   |
| Enlisted:                        |                         | GS-8                                   |                          | 3,727                            | 4,179                              | 4,200   |   | 246                              |                                    | 252   |
| 15                               | E-7 Master sergeant     | GS-7                                   | 3,714                    | 3,727                            | 4,519                              | 3,800   | 648   | 224                              | 667                                | 228   |
| 11                               | E-6 Technical sergeant  | GS-6                                   | 3,062                    | 3,351                            | 3,989                              | 3,400   | 522   | 201                              | 667                                | 204   |
| 7                                | E-5 Staff sergeant      | GS-5                                   | 2,707                    | 2,975                            | 3,548                              | 3,000   | 425   | 178                              | 543                                | 180   |
| 3                                | E-4 Sergeant            | GS-4                                   | 2,556                    | 2,724                            | 2,795                              | 2,750   | 353   | 163                              | 420                                | 165   |
| 1                                | E-3 Corporal            | GS-3                                   | 2,376                    | 2,498                            | 2,443                              | 2,500   | 302   | 150                              | 321                                | 150   |
| 1/2                              | E-2 Private first class | GS-2                                   | 2,256                    | 2,284                            | 2,286                              | 2,300   | 270   | 137                              | 277                                | 138   |
| 0                                | E-1 Private             | GS-1                                   | 2,196                    | 2,020                            | 2,196                              | 2,100   | 252   | 121                              | 252                                | 129   |

<sup>1</sup> These are entry years under normal conditions as estimated by Advisory Commission on Service Pay. At present the years of service are generally lower as the result of wartime recruitment and promotions.

<sup>2</sup> Figures cover base and longevity pay, quarters and subsistence allowances (including subsistence, shelter, and clothing "in kind" to enlisted) and value of military tax-exemptions. Other special pay and allowances are in addition. For details refer to tables 2 (a) and 2 (b). It should be noted that the value of the \$1,500 income exemption from tax, which expired on Dec. 31, 1948, is not included in these figures. See table 2 (a) as prepared May 9, 1949.

<sup>3</sup> These pay rates are subject to 6 percent deduction for retirement which therefore reduces current take-home pay by that percentage below the figures shown here. See table 2 (c).

<sup>4</sup> These estimates cover the cost to the Government of disability, retirement, severance, and death benefits provided to military personnel on a noncontributory basis, as based on data assembled by the Advisory Commission on Service Pay. The figures

represent the cost to the Government for each employee for each year of active service, assuming 2 1/2 percent interest per annum from date of accrual, for retirement and other benefits to be ultimately paid to the employees who qualify for such benefits.

<sup>5</sup> Estimates cover Government's share of cost of retirement and survivors' benefits provided under civil-service retirement system. The Government payment to the retirement fund (assuming 2 1/2 percent interest per annum) approximately matches the employees' contribution of 6 percent.

NOTE.—The comparisons here presented have been made on the assumptions that at the upper levels the grade of major general is equivalent to the present CAF-15 or proposed GS-18 grade, since both under existing or proposed statutes are of bureau-chief level; at the lower end of the officer scale the second lieutenant grade has been related to the present P-2 or proposed GS-7 grade since both are generally filled by professionally trained persons without job experience.

TABLE 2 (a).—Present military compensation rates

[Entrance rates for married personnel—annual rates in dollars]

| Military grade or rank           |                         | Active-duty compensation <sup>1</sup> |           |                     |                                |                                   |  |  |   | Present annual value of deferred benefits <sup>2</sup> |                                |
|----------------------------------|-------------------------|---------------------------------------|-----------|---------------------|--------------------------------|-----------------------------------|--|--|---|--|--------------------------------|
| Expected entry year <sup>2</sup> | Rank                    | Base pay                              | Longevity | Subtotal, basic pay | Quarters allowances (tax-free) | Subsistence allowances (tax-free) | Food, clothing, and shelter to enlisted "in kind" <sup>3</sup> | Subtotal, active-duty "gross pay" <sup>4</sup> | Tax advantage on cash allowances <sup>4</sup> |  | Total active-duty compensation |
|                                  |                         | (1)                                   | (2)       | (3)                 | (4)                            | (5)                               | (6)  | (7)  | (8)   |  | (9)                            |
| Officers:                        |                         |                                       |           |                     |                                |                                   |  |  |   |  |                                |
| 30+                              | O-8 General             | \$8,800                               |           | \$8,800             | \$1,440                        | \$3,711                           |  | \$12,951                                       | \$850   | \$13,801   | \$2,640                        |
| 30+                              | O-8 Lieutenant general  | 8,800                                 |           | 8,800               | 1,440                          | 1,011                             |  | 11,251   | 460   | 11,711   | 2,640                          |
| 30                               | O-8 Major general       | 8,800                                 |           | 8,800               | 1,440                          | 511                               |  | 10,751   | 360   | 11,111   | 2,640                          |
| 30                               | O-7 Brigadier general   | 6,600                                 |           | 6,600               | 1,440                          | 511                               |  | 8,551  | 340   | 8,891  | 1,980                          |
| 25                               | O-6 Colonel             | 4,400                                 | \$1,700   | 6,100               | 1,440                          | 511                               |  | 8,111  | 330   | 8,441  | 1,848                          |
| 19                               | O-5 Lieutenant colonel  | 3,850                                 | 1,155     | 5,005               | 1,440                          | 767                               |  | 7,212  | 320   | 7,532  | 1,502                          |
| 13                               | O-4 Major               | 3,300                                 | 690       | 3,990               | 1,260                          | 767                               |  | 5,987  | 300   | 6,287  | 1,188                          |
| 7                                | O-3 Captain             | 2,760                                 | 276       | 3,036               | 1,080                          | 511                               |  | 4,627  | 230   | 4,857  | 911                            |
| 3                                | O-2 First lieutenant    | 2,400                                 | 120       | 2,520               | 900                            | 511                               |  | 3,931  | 210   | 4,141  | 756                            |
| 0                                | O-1 Second lieutenant   | 2,160                                 |           | 2,160               | 720                            | 511                               |  | 3,391  | 180   | 3,571  | 648                            |
| Enlisted:                        |                         |                                       |           |                     |                                |                                   |  |  |   |  |                                |
| 15                               | E-7 Master sergeant     | 1,980                                 | 495       | 2,475               | 456                            | 383                               | \$240  | 3,554  | 160   | 3,714  | 693                            |
| 11                               | E-6 Technical sergeant  | 1,620                                 | 243       | 1,863               | 456                            | 383                               | 240  | 2,942  | 120   | 3,062  | 522                            |
| 7                                | E-5 Staff sergeant      | 1,380                                 | 138       | 1,518               | 456                            | 383                               | 240  | 2,597  | 110   | 2,707  | 425                            |
| 3                                | E-4 Sergeant            | 1,200                                 | 60        | 1,260               |                                |                                   | 1,296  | 2,556  |   | 2,556  | 353                            |
| 1                                | E-3 Corporal            | 1,080                                 |           | 1,080               |                                |                                   | 1,296  | 2,376  |   | 2,376  | 302                            |
| 1/2                              | E-2 Private first class | 960                                   |           | 960                 |                                |                                   | 1,296  | 2,256  |   | 2,256  | 270                            |
| 0                                | E-1 Private             | 900                                   |           | 900                 |                                |                                   | 1,296  | 2,196  |   | 2,196  | 252                            |

<sup>1</sup> In addition the Government contribution to dependents' allowances under temporary wartime authority amounts to about 18 percent of the pay and basic cash allowances to enlisted personnel. The additional hazard pay, sea- and foreign-duty pay, and other special pays on the over all average about 19 percent of the total basic pay and basic cash allowances to all personnel. Some of these special pays (e. g., sea- and foreign-duty pay) are relatively widely distributed; others (e. g., flight pay) go at relatively high rates to relatively small groups.

<sup>2</sup> These are entry years under normal conditions as estimated by Advisory Commission on Service Pay. At present the years of service are generally lower as the result of wartime recruitment and promotions.

<sup>3</sup> As estimated by the Hook Commission.

<sup>4</sup> The tax advantage on tax-free pay "in kind" which is not counted here amounts to \$30 for grades 5-7, and to \$190 for grades 1-4. The value of the \$1,500 income exemption from tax which expired on Dec. 31, 1948, is excluded.

<sup>5</sup> These estimates cover the cost to the Government of disability, retirement, severance, and death benefits provided to military personnel on a noncontributory basis.

Based on the actuarial estimates of the Advisory Commission on Service Pay (averaging its high and low assumptions, and assuming 2 1/2 percent interest per annum) the "present annual value" or discounted annual cost of these deferred benefits for regular nonflying officers is about 30 percent of basic pay. For enlisted personnel the cost to the Government is about 28 percent of basic pay. (If not discounted for interest the cost is much higher.) The figures shown in column 10 represent the amounts the Government would have to lay aside for each employee for each year of active service, assuming 2 1/2 percent interest per annum would be earned by the retirement fund, to ultimately pay the retirement and other benefits to be provided to the employees who qualify for benefits. Viewed from another standpoint, these are the extra amounts the Government would have to pay its military employees if they all took out private insurance policies (at cost, without loading, and assuming 2 1/2 percent interest) to give them the same protection now provided by the Government. These figures do not include the value of survivors' and disability benefits under existing veterans laws covering military personnel in peacetime service.

<sup>6</sup> Figures include personal money allowances.



TABLE 2 (b).—Military compensation rates as proposed by H. R. 5007

[Entrance rates for married personnel—annual rates in dollars]

| Military grade or rank           |                              |          | Active-duty compensation <sup>1</sup> |                     |                                |                                   |  |   |   |                                |         | Present annual value of deferred benefits <sup>4</sup> |
|----------------------------------|------------------------------|----------|---------------------------------------|---------------------|--------------------------------|-----------------------------------|--|---|---|--------------------------------|---------|--|
| Expected entry year <sup>2</sup> | Rank                         | Base pay | Longevity                             | Subtotal, basic pay | Quarters allowances (tax-free) | Subsistence allowances (tax-free) | Food, clothing, and shelter to enlisted "in kind" <sup>3</sup> | Subtotal, active-duty "gross pay" (including pay "in kind") | Tax advantage on cash allowances <sup>4</sup> | Total active-duty compensation |         |  |
|                                  |                              | (1)      | (2)                                   | (3)                 | (4)                            | (5)                               | (6)  | (7)   | (8)   | (9)                            |         |  |
|                                  |                              | (1)      | (2)                                   | (3)                 | (4)                            | (5)                               | (6)  | (7)   | (8)   | (9)                            | (10)    |  |
| Officers:                        |                              |          |                                       |                     |                                |                                   |  |   |   |                                |         |  |
| 30.....                          | O-8 General.....             | \$10,530 | \$324                                 | \$10,854            | \$1,800                        | \$2,704                           | -----  | \$15,358  | \$1,070                                       | \$16,428                       | \$2,823 |  |
| 30.....                          | O-8 Lieutenant general.....  | 10,530   | 324                                   | 10,854              | 1,800                          | 1,004                             | -----  | 13,658  | 640   | 14,298                         | 2,823   |  |
| 30.....                          | O-8 Major general.....       | 10,530   | 324                                   | 10,854              | 1,800                          | 504                               | -----  | 13,158  | 530   | 13,688                         | 2,823   |  |
| 30.....                          | O-7 Brigadier general.....   | 8,748    | 648                                   | 9,396               | 1,800                          | 504                               | -----  | 11,700  | 490   | 12,190                         | 2,443   |  |
| 25.....                          | O-6 Colonel.....             | 6,840    | 855                                   | 7,695               | 1,440                          | 504                               | -----  | 9,639   | 340   | 9,979                          | 2,001   |  |
| 19.....                          | O-5 Lieutenant colonel.....  | 5,472    | 855                                   | 6,327               | 1,440                          | 504                               | -----  | 8,271   | 330   | 8,601                          | 1,645   |  |
| 13.....                          | O-4 Major.....               | 4,617    | 513                                   | 5,130               | 1,260                          | 504                               | -----  | 6,894   | 290   | 7,184                          | 1,334   |  |
| 7.....                           | O-3 Captain.....             | 3,762    | 342                                   | 4,104               | 1,080                          | 504                               | -----  | 5,688   | 230   | 5,918                          | 1,067   |  |
| 3.....                           | O-2 First lieutenant.....    | 2,993    | 221                                   | 3,164               | 900                            | 504                               | -----  | 4,558   | 220   | 4,778                          | 823     |  |
| 0.....                           | O-1 Second lieutenant.....   | 2,565    | -----                                 | 2,565               | 900                            | 504                               | -----  | 3,969   | 210   | 4,179                          | 667     |  |
| Enlisted:                        |                              |          |                                       |                     |                                |                                   |  |   |   |                                |         |  |
| 15.....                          | E-7 Master sergeant.....     | 2,381    | 530                                   | 2,911               | 810                            | 378                               | \$240  | 4,339   | 180   | 4,519                          | 815     |  |
| 11.....                          | E-6 Technical sergeant.....  | 2,029    | 352                                   | 2,381               | 810                            | 378                               | 240  | 3,809   | 180   | 3,989                          | 667     |  |
| 7.....                           | E-5 Staff sergeant.....      | 1,676    | 264                                   | 1,940               | 810                            | 378                               | 240  | 3,368   | 180   | 3,548                          | 543     |  |
| 3.....                           | E-4 Sergeant.....            | 1,411    | 88                                    | 1,499               | -----                          | -----                             | 1,296  | 2,795   | -----   | 2,795                          | 420     |  |
| 1.....                           | E-3 Corporal.....            | 1,147    | -----                                 | 1,147               | -----                          | -----                             | 1,296  | 2,443   | -----   | 2,443                          | 321     |  |
| 15.....                          | E-2 Private first class..... | 990      | -----                                 | 990                 | -----                          | -----                             | 1,296  | 2,286   | -----   | 2,286                          | 277     |  |
| 0.....                           | E-1 Private.....             | 900      | -----                                 | 900                 | -----                          | -----                             | 1,296  | 2,196   | -----   | 2,196                          | 252     |  |

<sup>1</sup> In addition, hazard pay, sea and foreign-duty pay, and other special pays would average about 8 percent of the proposed basic pay and basic allowances on the over-all. Some of these special pays (e.g., sea- and foreign-duty pay to enlisted personnel) would be relatively widely distributed; others (e.g., flight pay) would go to relatively high rates to relatively small groups.

<sup>2</sup> These are entry years under normal conditions as estimated by Advisory Commission on Service Pay. At present the years of service are generally lower as the result of wartime recruitment and promotions.

<sup>3</sup> As estimated by the Advisory Commission on Service pay.

<sup>4</sup> Tax advantage on tax-free pay "in kind" to enlisted personnel which is not counted here amounts to additional \$30 for grades E-5 to E-7, and to \$190 for grades E-1 to E-4.

<sup>5</sup> These estimates cover the cost to the Government of disability, retirement, severance, and death benefits provided to military personnel on a noncontributory basis. The "present annual value" or discounted cost of these deferred benefits for regular nonflying officers would average about 26 percent of basic pay. For enlisted personnel the cost to the Government would average about 28 percent of basic pay. (If not discounted for interest, the cost would be much higher.) The figures shown in col. 10 are based on actuarial data presented in the report of the Advisory Commission on Service Pay and represent the amounts the Government would have to lay aside for each employee for each year of active service, assuming 2½ percent interest per annum would be earned by the retirement fund, to ultimately pay the retirement and other benefits to be provided to those employees who serve long enough and qualify for benefits.

Viewed from another standpoint, these are the extra annual rates the Government would have to pay its military employees if they all took out private insurance policies (at cost, without "loading," and assuming 2½ percent interest) to give them the same protection now provided by the Government. The figures reflect only current normal premiums and do not amortize the liability for prior service which would result from the provisions of H. R. 5007 increasing retirement benefits for past as well as future service. These figures also do not include the value of survivors' and disability benefits under veterans laws covering military personnel in peacetime service.

Since no actuarial analysis of the retirement and other termination benefit provisions of H. R. 5007 as passed by the House was available, the estimates shown in col. 10 were made by adapting the actuarial data shown in the report of the Advisory Commission on Service Pay for the several kinds of deferred benefits and applying them to the changed basic pay levels as proposed in H. R. 5007. For example, the estimated value of the physical disability retirement provisions used herein is based on the Advisory Commission's cost estimate of its recommended physical disability retirement provisions which H. R. 5007 substantially adopts; the estimated value of the age and service retirement provisions used herein is based on the Advisory Commission's cost estimate of these retirement provisions under existing law which H. R. 5007 does not alter except for level of pay. The estimates assume 2½ percent interest per annum in computing the "present value" of the ultimate benefits, and average the high and low actuarial assumptions of the Advisory Commission.

<sup>6</sup> Figures include personal money allowances.

TABLE 2 (c).—Federal classified civilian pay rates—present schedules and schedules under proposed classification act revision (S. 1762)

[Entrance rates—annual rates in dollars]

| Classified civilian grade |                          | Present pay schedules                    |   | Proposed pay schedules                   |   |
|---------------------------|--------------------------|--|---|--|---|
| CAF schedule              | Proposed GS schedule     | Active service salary rates <sup>1</sup> | Present annual value of deferred benefits paid by Government <sup>2</sup> | Active service salary rates <sup>1</sup> | Present annual value of deferred benefits paid by Government <sup>2</sup> |
|                           |                          | (1)                                      | (2)   | (3)                                      | (4)   |
| CAF-15.....               | GS-18 <sup>3</sup> ..... | \$10,305                                 | \$618   | \$15,000                                 | \$900   |
| CAF-15.....               | GS-17 <sup>3</sup> ..... | 10,305                                   | 618   | 13,000                                   | 780   |
| CAF-15.....               | GS-16 <sup>3</sup> ..... | 10,305                                   | 618   | 11,500                                   | 690   |
| CAF-15.....               | GS-15.....               | 10,305                                   | 618   | 10,000                                   | 600   |
| CAF-14.....               | GS-14.....               | 8,610                                    | 511   | 8,800                                    | 528   |
| CAF-13.....               | GS-13.....               | 7,432                                    | 446   | 7,600                                    | 456   |
| CAF-12.....               | GS-12.....               | 6,235                                    | 374   | 6,400                                    | 384   |
| CAF-11.....               | GS-11.....               | 5,232                                    | 314   | 5,400                                    | 324   |
| CAF-10.....               | GS-10.....               | 4,856                                    | 291   | 5,000                                    | 300   |
| CAF-9.....                | GS-9.....                | 4,480                                    | 269   | 4,600                                    | 276   |
| CAF-8.....                | GS-8.....                | 4,103                                    | 246   | 4,200                                    | 252   |
| CAF-7.....                | GS-7.....                | 3,727                                    | 224   | 3,800                                    | 228   |
| CAF-6.....                | GS-6.....                | 3,351                                    | 201   | 3,400                                    | 204   |
| CAF-5.....                | GS-5.....                | 2,975                                    | 178   | 3,000                                    | 180   |
| CAF-4.....                | GS-4.....                | 2,724                                    | 163   | 2,750                                    | 165   |
| CAF-3.....                | GS-3.....                | 2,498                                    | 150   | 2,500                                    | 150   |
| CAF-2.....                | GS-2.....                | 2,284                                    | 137   | 2,300                                    | 138   |
| CAF-1.....                | GS-1.....                | 2,020                                    | 121   | 2,100                                    | 126   |

<sup>1</sup> These pay rates are subject to 6 percent deduction for retirement which therefore reduces current take-home pay by that percentage. This deferred pay is returned to the employee or to his estate upon separation from the service or upon retirement or death.

<sup>2</sup> It is estimated that the 6-percent contribution for retirement by the employee is approximately matched by the Federal contribution to the civil-service retirement fund

(assuming 2½ percent interest per annum). The present annual value of these additional deferred benefits paid for by the Government has been taken, therefore, to be 6 percent of the active-service salary rates.

<sup>3</sup> These grades are not presently provided for under the Classification Act; personnel holding positions of varying responsibility are now classified as CAF-15.

TABLE 3.—Comparison of proposed military and civil-service pay rates with 1948 industrial pay rates

[Annual rates in dollars]

| Grade or rank       |                          | As reported by Advisory Commission on Service Pay                                   |  |  | Proposed executive pay bill (S. 498) and Classification Act revision for Federal civilian employees (S. 1762) <sup>1</sup> |
|---------------------|--------------------------|---|--|--|--|
| Military            |                          | Comparable industrial pay rates according to Commission survey in 1948 <sup>1</sup> | Army-Air Force wage board employees in 1948 <sup>1</sup> | Military active-duty compensation as proposed in H. R. 5007 <sup>2</sup> |  |
| Expected entry year | Rank                     | Classified civilian (general schedule or CAF)                                       |  |  |  |
| Officers:           |                          | Executive <sup>3a</sup>   |  |  | <sup>3a</sup> \$25,000   |
| 30+                 | O-8 General              | Executive <sup>3b</sup>   |  |  | <sup>3b</sup> 20,000   |
| 30+                 | O-8 Lieutenant general   | Executive <sup>3c</sup>   |  | \$16,428   | <sup>3c</sup> 18,000   |
| 30                  | O-8 Major general        | Executive and GS-19 <sup>3d</sup>   |  | 14,298   | <sup>3d</sup> 16,000   |
|                     |                          | GS-18   | \$33,204   | 13,688   | 15,000   |
| 30                  | O-7 Brigadier general    | GS-17   |  |  | 13,000   |
|                     |                          | GS-16   | 22,824   | 12,190   | 11,500   |
|                     |                          | GS-15   |  |  | 10,000   |
| 25                  | O-6 Colonel              | GS-14   | 11,844   | 9,979  | 8,800  |
| 19                  | O-5 Lieutenant colonel   | GS-13   | 7,428  | 8,601  | 7,600  |
| 13                  | O-4 Major                | GS-12   | 6,852  | 7,184  | 6,400  |
| 7                   | O-3 Captain              | GS-11   | 6,180  | 5,918  | 5,400  |
|                     |                          | GS-10   |  |  | 5,000  |
| 3                   | O-2 First lieutenant     | GS-9  | 4,644  | 4,875  | 4,600  |
|                     |                          | GS-8  |  |  | 4,200  |
| 0                   | O-1 Second lieutenant    | GS-7  |  | 4,179  | 3,800  |
| Enlisted:           |                          |   |  |  |  |
| 15                  | E-7 Master sergeant      | GS-7  | 4,752  | \$3,864  | 3,800  |
| 11                  | E-6 Technical sergeant   | GS-6  | 4,020  | 3,216  | 3,000  |
| 7                   | E-5 Staff sergeant       | GS-5  | 3,792  | 3,072  | 3,400  |
| 3                   | E-4 Sergeant             | GS-4  | 3,564  | 2,868  | 3,000  |
| 1                   | E-3 Corporal             | GS-3  | 3,240  | 2,352  | 2,750  |
| 1/2                 | E-2 Private, first class | GS-2  |  | 2,443  | 2,500  |
| 0                   | E-1 Private              | GS-1  | 2,820  | 2,136  | 2,286  |
|                     |                          |   |  |  | 2,196  |

<sup>1</sup> Average rates.<sup>2</sup> Entrance rates—average rates are higher (except for executive grades).<sup>3</sup> See table 2 (b) for components.<sup>4</sup> Executive pay bill as reported by Senate committee:<sup>a</sup> Heads of executive departments.<sup>b</sup> Under secretaries and heads of independent agencies.<sup>c</sup> Chairmen of boards and commissions and assistant heads of independent agencies.<sup>d</sup> Members of independent boards and commissions and specified bureau heads.

NOTE.—Rates shown cover only "active duty" compensation and do not include value of deferred benefits (retirement, etc.). As is indicated in table 2 the value of retirement and other deferred benefits received by military personnel is 2 or 3 times the value received by Federal classified civilian employees; typical industry retirement and benefit plans are less liberal than the civil service retirement benefits to Federal civilian employees. From the standpoint of employee contributions, military personnel do not contribute toward retirement; roughly 1/2 of industry retirement systems require employee contributions; Federal civil service employees contribute 6 percent of their salaries toward retirement.

Mr. FLANDERS. Mr. President, I may say in this connection that if Senate bill 498, Calendar No. 112, is not acted upon before the military-pay bill comes up, I shall offer S. 498 as an amendment to the military-pay bill.

#### DEPARTMENT OF AGRICULTURE—COMMENTS BY SENATOR MCCLELLAN AND LETTER FROM DEPARTMENT REGARDING HOOVER COMMISSION RECOMMENDATIONS

Mr. MCCLELLAN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, at this point as a part of my remarks a statement prepared by myself, and also a letter from the Secretary of Agriculture making comments on the effect on that particular Department of the recommendations of the Hoover Commission which directly affect that Department.

There being no objection, the statement and letter were ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR JOHN L. MCCLELLAN, CHAIRMAN, SENATE COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

Senator JOHN L. MCCLELLAN, chairman of the Committee on Expenditures in the Executive Departments, today released a letter from the Secretary of Agriculture regarding recommendations of the Hoover Commission which directly affect that Department.

This is the sixth of a series of releases being made by the Committee on Expenditures based on reports received in response to requests addressed to all agencies to supply detailed comments relative to the application of the various proposals of the Commission on Organization of the Executive Branch of the Government to such establishments.

The Secretary of Agriculture disagrees with recommendation No. 6 of the Com-

mission's report on the Department which would preclude committees of farmers from serving in any capacity other than advisory in carrying out departmental programs at the county level, and conducting farmer-Department relationships in communities and on farms, stating that the Department's experience in this work in the past 15 years strongly supports the view that utilization of committees of farmers is indispensable to the successful operation of farm programs. . . . Such a limitation (the Commission recommended not more than \$700,000 a year be expended for farm advisory committees) would permit the service of committees on an average of not more than 3 or 4 days per year, and farmers would thus be deprived of adequate voice in the operation of the programs which so vitally affect them.

The Secretary also opposes the Commission's recommendation calling for the repeal of the law which provides that amounts equal to 30 percent of the customs receipts should be made available for designated agricultural purposes, contending that the repeal of this section would not be in the public interest since it has proven extremely useful as a means of stabilizing the agricultural economy, and the use of these funds on a continuing basis is necessary as a primary source of support for perishable commodities.

The Secretary also withholds final conclusion in relation to the proposal to discontinue certain lending activities of the Farmers Home Administration, and states that "The budget reductions which one might anticipate by superficial reading of the Commission's report are based on assumptions which are open to question when examined carefully, item by item."

The Department contends that the alleged annual saving of from \$35,000,000 to \$44,000,000, which would result from the proposed discontinuance of certain lending activities of the Farmers Home Administration as indicated in the Commission's report, would not result from organizational changes suggested, but would require the

elimination of an integral part of the Department's credit services.

The Secretary specifically endorsed recommendations of the Commission which would:

(a) Create two Assistant Secretaries for the Department instead of one;

(b) Establish an additional position of an Administrative Assistant Secretary;

(c) Provide for specific grouping of agencies and functions, subject to final determinations based on an analysis of various plans which should take into consideration the adaptability of each to the character of the programs which the Department may be called upon by the Congress and the President to perform;

(d) The continuation of the cooperative Extension Service as a separate entity in the Department, as it presently exists;

(e) The continuation of the agricultural credit services by the Farm Credit Administration and Farmers Home Administration, as separate units, the first of which provides credit on a cooperative basis through farmer-owned institutions, while the latter makes direct loans for the purchase of farms or for rehabilitation to borrowers who have no other source of credit;

(f) Establish new Federal agricultural research stations "only where existing joint Federal-State facilities cannot be developed to fill the need";

(g) Inspection costs on farm products be paid by the Government when imposed for the benefit of the general public.

The Secretary of Agriculture indicated that there were a number of recommendations by the Commission which require further consideration before any definite decisions could be reached. These include conduct of research to conform to the most effective means for carrying on economic research in the Department; the desirability of consolidating the agricultural conservation and soil conservation programs; the consolidation of regulatory activities performed in various agencies of the Department in one regulatory service; utilization of conservation payments



in connection with the whole conservation program; the requirement that the Department report to the President and the Congress on the use and timeliness of all reclamation projects; the proposed transfer of food activities of the Food and Drug Administration to the Department of Agriculture; matters pertaining to the public domain; and other measures "to improve the efficiency of the Department's internal organization and operations."

The letter from the Secretary of Agriculture follows:

DEPARTMENT OF AGRICULTURE,  
Washington, July 8, 1949.

HON. JOHN L. MCCLELLAN,

United States Senate, Washington, D. C.

DEAR SENATOR MCCLELLAN: In your letter of May 21, you requested a report from this Department relative to the application of proposals of the Commission on Reorganization of the Executive Branch of the Government.

The several reports of the Commission are of such scope and complexity that it seems to me advisable to attempt to establish practical limits for the subject matter to be covered by my response. Comprehensive treatment of all the reports, pertaining to other departments, and agencies and to the executive branch generally, will require a great volume of work to complete. While this Department will doubtless participate in this work, on a rather continuing basis, we are not yet prepared to comment upon aspects of reports dealing primarily with activities outside this Department.

We are giving attention to measures to improve the efficiency and effectiveness of our own organization and operations. The recommendations in the report on the Department of Agriculture have been consolidated by the Bureau of the Budget as the digest of your committee recognizes. It is assumed, therefore, that the consolidated recommendations furnish a satisfactory approach to a consideration of the problems before this Department and within the field of your inquiry.

I am in complete accord with the observation of the Commission that the foundation of good departmental administration is that the Secretary shall have authority from the Congress to organize and control his organization, and that separate authorities to subordinates be eliminated.

The Commission recommended two Assistant Secretaries for the Department instead of the one position now established by law. I concur in this recommendation.

It is believed that our activities are of such scope and magnitude as to amply justify establishment of the new position. Such a recommendation has heretofore been presented to Congress but no action was taken. In my view, the Commission wisely refrained from indicating specific responsibilities for Assistant Secretaries, leaving the Secretary freedom to assign responsibilities in accordance with changing needs and compatible with peculiar capabilities of these officers.

Establishment of an additional position of Administrative Assistant Secretary, recommended by the Commission, meets with our approval. Such an officer would provide coordination of administrative matters in the several agencies of the Department and furnish leadership in the constant effort to bring about improvement in procedures, organization, and management techniques.

The specific grouping of agencies and functions proposed by the Commission represents one of numerous alternative schemes of organization. Study is being given to the Commission's proposals and also to several alternatives. Final decisions must depend not only upon analysis of various plans but must also take into consideration the adaptability of each to the character of the pro-

grams which the Department may be called upon by the Congress and the President to perform.

With respect to organization for conduct of research, the Commission wisely points out that certain management and operational research can most economically be performed by one or another of our program agencies. For example, research in forestry, soil conservation, and marketing need to be examined in detail, item by item, to arrive at the determination as to whether they can best be fitted into an agency charged with over-all responsibility for research or assigned to the agency responsible for the program in the field. Careful consideration is being given to the most effective means of carrying on economic research in the Department.

In the fall of 1947, this Department presented to the Congress a report on a long-range agricultural program and therein recognized the desirability of consolidating the agricultural-conservation and soil-conservation programs. These programs are closely related to the production and adjustment activities carried out directly with farmers. The latter, however, are also very closely related to marketing and price-support functions. Another point which arises in connection with the proposed establishment of an Agricultural Resources Conservation Service is whether a single agency can most efficiently handle all of the problems in the fields proposed to be included in it.

At present certain regulatory activities are performed in various agencies of the Department, whereas the Commission has proposed that all such work be consolidated in one regulatory service. Thus far, I am not persuaded that this would be desirable. Regulation of the importation of plants or animals, for example, bears little similarity to regulation of commodity markets, the shipment of perishables, or the conduct of livestock yards and we believe it is sound to have the latter functions performed by the Bureau of Entomology and Plant Quarantine, the Bureau of Animal Industry, the Commodity Exchange Authority, or other subject-matter agencies having general cognizance of the appropriate field of activities, rather than duplicate personnel in a specific organization concerned only with regulatory responsibilities.

The cooperative Extension Service, which is an educational agency jointly sponsored by the Department and the land-grant colleges of several States, presently exists as a separate entity in the Department and we are in accord with the Commission's recommendation that it should so stand.

Agricultural credit services are rendered by the Farm Credit Administration and by the Farmers Home Administration. The former offers credit on a cooperative basis through farmer-owned institutions, whereas the latter makes direct loans for the purchase of farms or for rehabilitation to borrowers who have no other source of credit. Such loans have long been considered to require close supervision. We believe that this division is sound and that no savings would result from arbitrarily combining the two.

A most important consideration in the organization of the Department is deciding upon the means of carrying out Department programs at the county level and conducting farmer-Department relationships in communities and on farms. The Department's experience in this work in the past 15 years strongly supports the view that utilization of committees of farmers is indispensable to the successful operation of farm programs. Certain functions, of which the determination of marketing quotas and acreage allotments are examples, could scarcely have been carried out except for the aid and participation of farmers chosen by their neighbors for that purpose. We, therefore, disagree with

that portion of the Commission's recommendations which would preclude committees of farmers from serving in any capacity other than advisory. The Commission recommended that not more than \$700,000 a year be expended for farmer advisory committees. Such a limitation would permit the service of committeemen on an average of not more than 3 or 4 days per year and farmers would thus be deprived of adequate voice in the operation of the programs which so vitally affect them. We are giving most careful study to this phase of our problem.

We agree in principle with the Commission's recommendation that "New Federal agricultural research stations should be established only where existing joint Federal-State facilities cannot be developed to fill the need."

The question of utilization of conservation payments needs to be considered in connection with the whole conservation program in order to obtain maximum effectiveness. I have elsewhere presented to the Congress my recommendations for changes in the law to improve our programs. This comment may be related also to commodity adjustment programs.

The recommendation that inspection costs on farm products be paid by the Government when imposed for the benefit of the general public appears to us as sound in principle. The Congress has recently expressed itself in connection with policy on meat-inspection costs. With respect to some inspection services, however, it is not always easy to identify the beneficiary, or to establish the degree to which commercial interests and the general public share in the benefits of inspection.

The Commission has recommended the repeal of that law which provides that amounts equal to 30 percent of the customs receipts should be made available for designated agricultural purposes. This law, which has been in effect since August 24, 1935, has proved extremely useful as a means for stabilizing the agriculture economy. The Agricultural Act of 1948, provides for the use of those funds on a continuing basis as the primary source of support for perishable commodities. In our opinion, its repeal would not be in the public interest.

The proposal that the Department of Agriculture be required to report to the President and the Congress on the use and timeliness of all reclamation projects is receiving consideration by appropriate agencies within the executive branch. Also under study is the proposed transfer of food activities of the Food and Drug Administration to the Department of Agriculture. Matters pertaining to the public domain constitute another question similarly being examined.

I should like to call attention to the fact that \$35,000,000 of the \$44,000,000 annual savings referred to in the Commission's report would result from the proposed discontinuance of certain lending activities of the Farmers Home Administration. Such a saving would not result from organizational changes suggested but from eliminating an integral part of the Department's credit services. The Farmers Home Administration records of accomplishment and repayment clearly reflect the economic and social values, and the low costs of the program of this agency. On the whole, the budget reductions which one might anticipate by a superficial reading of the Commission's report are based on assumptions which are open to question when examined carefully, item by item.

I would be glad to communicate with you further when I have our studies of the department's organization more complete. Thank you for inviting me to comment on the recommendations of the Commission.

Sincerely yours,

CHARLES F. BRANNAN,  
Secretary.

## EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Joseph P. Regan to be United States marshal for the district of Kansas, vice William M. Lindsay, which was referred to the Committee on the Judiciary.

## EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. CONNALLY, from the Committee on Foreign Relations:

Edward B. Lawson, of the District of Columbia, a Foreign Service officer of class 1, to be Envoy Extraordinary and Minister Plenipotentiary to Iceland.

## THE NORTH ATLANTIC TREATY—ARTICLE FROM THE READER'S DIGEST

Mr. SMITH of New Jersey. Mr. President, yesterday in my discussion of the North Atlantic Treaty, I endeavored to point out the overemphasis on military preparedness and lack of adequate emphasis on the economic, social, and spiritual values of the treaty.

Since I made my remarks, I have noted in the current issue of the Reader's Digest an article entitled "The North Atlantic Road to Prosperity," by William Hard and Andre Visson. In this article the authors stressed the same point I endeavored to stress yesterday, and emphasized the importance of the circulation of economic benefits throughout the North Atlantic areas as more important than military aid. The authors at one place call attention to article 2 of the treaty, which I read into the RECORD yesterday.

In discussing article 2, the authors say:

It is an article that has received relatively little attention, yet it may well turn out to be the sheet anchor of the whole pact. It says the parties to the pact "will seek to eliminate conflict in their economic policies and will encourage economic collaboration between any or all of them."

Near the end of the article, the authors make the following point:

We want economic peace with western Europe. If we and western Europe had complete economic peace, and thereupon overwhelming economic world strength, we would become so impressive to any potential enemy that the chances of having to use the military clauses of the North Atlantic Pact would be greatly diminished.

As this article is so relevant to the discussion now before the Senate, I ask unanimous consent to have the article in full incorporated in the body of the RECORD in connection with these remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE NORTH ATLANTIC ROAD TO PROSPERITY  
(By William Hard and Andre Visson)

The North Atlantic Pact establishes a north Atlantic military community. It means that the United States must help western Europe to rearm.

No American can view with equanimity our continued vast spending to aid western Europe economically and militarily. Yet, unless the countries in the North Atlantic military community establish also a North

Atlantic economic community, that spending must go on. The North Atlantic Pact is meant primarily to assure peace to all its signatories. But it must also bring them prosperity, since prosperity and peace are interdependent.

The Economic Cooperation Administration, in charge of our contribution to the European recovery program, will end in 1952. It will have expended some \$17,000,000,000 in loans and grants. It will have enabled western Europe to survive an acute crisis. But will it have cured western Europe's chief illness, its trade deficit with the rest of the world? The eminent London Economist says western Europe's deficit in 1952 may still be running at the rate of \$3,000,000,000 a year. And it adds:

"If no further action is taken after 1952, the shock to the European economic system caused by the ending of American aid will bring with it such economic and social dislocation that European political stability will be undermined."

Thus, besides spending billions of dollars on western Europe's military revival, we may be pressed—even after 1952—to continue spending billions of dollars on western Europe's protracted economic illness. It is an unpleasant prospect—unpleasant to the self-respect of western Europe, unpleasant to the already excessively burdened pocketbook of the American taxpayer.

In the fiscal year ending this July 1 we have spent on foreign aid some \$7,000,000,000, approximately \$120 for every American gainfully employed. It is high time we began to devise a North Atlantic prosperity not dependent on a one-way flow of aid. It is high time we began to devise a North Atlantic economic community in which, throughout all its parts, there can be a circulation of economic benefits. Only through such a circulation can a true and a growing prosperity be created in any region.

The North Atlantic Pact recognizes that fact in its article 2. It is an article that has received relatively little attention, yet it may well turn out to be the sheet anchor of the whole pact. It says the parties to the pact will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

But then let us look at an astonishing gap in the pact. Its article 9 provides for the creation of a military committee to promote joint military action. But nowhere in the pact is there any provision for an economic committee to promote joint economic action. Yet it is only the joint economic strength of the North Atlantic countries that can sustain their joint military strength in time of trial.

The military committee established by the pact should be quickly reinforced by an economic committee. This committee would survive the disappearance of the Economic Cooperation Administration in 1952. It would live through the 20 years of the pact's life. It should be composed of men who in economic problems are the equivalent of five-star generals in military problems.

The economic committee would consider proposals for improving the international trade policies of both western Europe and the United States and Canada. First, though, western Europe. What is the matter with it? Let us relate a few recent incidents.

Britain last year, operating in the maze of European currency-exchange controls, let British tourists have currency to go to France but no currency to go to Belgium. Belgium had done nothing to deserve that injury. This year British tourists will be allowed to take up to £50 to France and only £35 to Belgium.

France, operating in that same maze of currency-exchange controls, last year cut off

all imports from Belgium. It was as if Ohio should cut off all imports from Michigan.

Not long ago a thousand new Italian tractors were rusting in Italian tractor-factory yards. Meanwhile certain other European countries, again operating in the maze of currency-exchange controls, were not buying tractors from their neighbor, Italy, but getting them—through the ECA—all the way from the United States.

There are thousands of Italian workers in France. France needs them. But once more those currency snags. These Italian workers find it difficult to send money back to their families in Italy. So large numbers of them plan to go home. This will hurt France. It will also hurt Italy, which already has much unemployment.

Side by side with currency-exchange controls in western Europe there is ultranationalistic economic planning. And what a boomerang that can be.

The British Government last year decreed that 45 percent of all first-feature films shown in British cinemas must be British made. How clever, if there were no such thing in the world as retaliation. But there is.

American film makers began to be busy on the European Continent. The French Government decided to grant 121 licenses a year to French-speaking American films and only 65 to the films of all other countries, including Britain. The Dutch Government decided to give a quota of 40 weeks of exhibition time to American films and only 12 weeks to the films of all other countries, including Britain.

This is nothing but outright international economic warfare. It means headaches and losses all around. It is utterly inconsistent with the economic friendship that should exist among the signatories to the North Atlantic Pact. It would be a fit case for consideration by a North Atlantic Pact economic committee.

Let us rejoice that such a committee would find some encouraging developments in western Europe. It would find Mr. Hoffman's ECA making some headway in persuading western European countries to stabilize their currencies and to retreat from currency-exchange controls. It would find that Belgium—which is western Europe's outstanding free-economy country—is already well started on that retreat.

Mr. Hoffman and his associates are also making some headway in persuading western European countries to break down their other barriers to trade among themselves. Europeans must forgive us Americans if we take note of the fact that it is only those barriers that today prevent western Europe from arriving at prosperity. Sir Arthur Salter, for many years Director of the Economic Section of the League of Nations, is emphatic on this point. Writing in Foreign Affairs, he says that, if the countries of western Europe would establish among themselves a market liberated from nationalistic governmental interference, they could manufacture enough articles for export to pay for all their imports of raw materials and foods.

That is, western Europe's trade deficit would disappear, and with it would disappear western Europe's chief reason for needing dollars from the United States taxpayer.

We Americans, naturally take a profound interest in that prospect. Some of us say: "Let the western European countries imitate the Thirteen American Colonies and form a United States of Europe: One country with one currency, a central legislature and executive, and no internal trade barriers at all." But the western Europeans are of many lineages, many languages, many diverse and conflicting cultures. To make them into one people is an arduous endeavor which must consume a long time.



Meanwhile western Europe must work with what it has. And we there have three most promising new institutions. One is the Organization for European Economic Cooperation, which tries to harmonize the economic plans of all the countries taking part in the European recovery program. It came into existence in response to the vigorous policies of the American managers of the ECA, and will be their best bequest to western Europe.

The second is the Council of Europe, which has been set up by Britain, France, Belgium, Luxembourg, and the Netherlands, and will be extended to include other western European countries. It represents the longest step that Britain has been willing to take toward the goal of a United States of Europe. It is to have a committee of cabinet ministers from the participating countries, and a consultative body of delegates chosen by the participating countries.

The third is the economic union between Belgium, Luxembourg, and the Netherlands. Next year these three countries, while remaining politically separate, will become completely one country in all economic matters. It has been one of the most difficult, and one of the most admirable, international accomplishments of our time. The example could be followed in some degree by other groups of European countries.

A North Atlantic Pact economic committee, with both European and American members, could bring the best economic thought of both continents into promoting the labors of these three institutions. It is only through such detailed drudgery that the great ideal of a United States of Europe can ever be achieved. Through the North Atlantic Pact economic committee we Americans could greatly contribute to that achievement, which would not only bless Europe but also benefit us.

And the Europeans on that committee would doubtless wish to suggest to us that possibly some of our import duties and quotas, our export controls, our immigration provisions are not entirely conducive to the general welfare of the whole North Atlantic economic community. In discussing such suggestions, we may find mutually advantageous solutions.

Let us remember: Western Europe, next to the United States, is the world's richest repository of technical skill and industrial productiveness. It also has 120,000,000 more people than we have. It is our invaluable and indispensable ally.

We want economic peace with western Europe. If we and western Europe had complete economic peace and thereupon overwhelming economic world strength, we would become so impressive to any potential enemy that the chances of having to use the military clauses of the North Atlantic Pact would be greatly diminished.

Of the making and breaking of treaties there is no end. Treaties last only as long as they are advantageous to the countries that signed them. Let us hope that the North Atlantic Pact will long live to serve the world's peace. And, therefore, let us forge unbreakable links of economic interest and economic joint welfare among all the countries that the pact seeks to bind to a common purpose.

#### THE NORTH ATLANTIC TREATY AND ECA—ADDRESS BY SENATOR THYE BEFORE MINNESOTA FEDERATION OF WOMEN'S REPUBLICAN CLUBS

Mr. THYE. Mr. President, I intend to vote in favor of the ratification of the North Atlantic Treaty. It is a step in the right direction. It will give encouragement to the nations of western Europe to rebuild firm, strong nations—nations that will be self-reliant, nations that will have the courage to oppose communism

at every turn. The pact will greatly augment the proper atmosphere to enable us to strengthen the United Nations, and through it to achieve a lasting peace.

Mr. President, I was privileged to speak at the convention of the Federation of Women's Republican Clubs of Minnesota on May 11 of this year. The subject matter of this address was concerned with what we had achieved through the European recovery program and what we hope to achieve in the North Atlantic Pact. I ask unanimous consent that this speech be printed in the RECORD at this point as a part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The women of America have a special interest in the cause of world peace.

Better than anyone else, excepting only those whose lives have been torn asunder by modern war, do you know the sacrifice and the cost of war. As in all periods in our history, it is you who have experienced most deeply the heartaches, it is you who have felt the tragedies of lost and broken lives, it is you who know the utter futility of war.

We men talk about it in terms of the number of lives lost. We are shocked by the staggering cost in dollars. We are concerned about the destruction of property. We are struggling to solve the economic dislocations which are the inevitable result of war.

These things affect you vitally also, and yet you know the larger cost in the things of the spirit which, once destroyed, can only linger in the memory and cannot be brought back. Yours is the high resolve that peace and understanding and justice—and not war and violence and force—shall be the normal order in the future of the world. In your hearts are echoed the aspirations of people everywhere for lasting peace. Yours is the faith in mankind that sustains the hope for a better world.

Yet you know that before we can deal with these hopes in the intangible realm of ideals we must deal with them effectively and intelligently in the practical field of human events.

It is, therefore, a genuine privilege for me to discuss with this fine group of Minnesota women a subject which is very much in our minds today: What have we achieved in European recovery, and what do we expect from the North Atlantic Pact?

I

Many in America today are gravely concerned over the unsettled world in which we live. We find the present most difficult. The future we cannot know, and the past we cannot recapture. If we could but foresee events in the future, it would not be difficult to act wisely in the present. And likewise, if we could but return to the past and change some of our past decisions, the present might be a more pleasant time in which to live. However, our task is more difficult. We must make decisions in the present, with the hard lessons of past history as a guide and with the objective that the future will bring a better world.

What have we learned from history? Within our own memories are two terrible wars. It might be well to review for a moment this recent pattern of world conflict and uneasy peace.

Three decades ago we entered World War I for purposes which seemed to be compelling in our own interest as a nation. That war—to make the world safe for democracy—was a costly one, in lives and in dollars. There were 126,000 American lives given in that struggle. Nearly 200,000 Americans were wounded. Many thousands have been in hospitals for 30 years suffering from the effects of gas or wounds. The cost in dollars to the United States is estimated at

more than \$32,000,000,000, including \$9,500,000,000 in advances to our Allies.

That war brought us the moral leadership of the world, but the tragic truth is that after World War I we failed to build the kind of a world we thought we were fighting for. We Americans became indifferent to the obligations we had assumed. We became more interested in our own comforts of living than in the needs of the world.

A League of Nations was formed, quite like the United Nations of today, under the leadership of an American President. It was intended to provide the vehicle and the atmosphere for the peaceful solution of the problems and differences among the nations of the world. It was based on the principle of collective security. We refused to become members of the League and shunned its councils while some 55 other nations, with more or less sincerity of purpose, sought unsuccessfully to make the deliberations at Geneva effective in assuring justice and peace.

While the United States turned to isolationism as a national policy, the better order that we talked about and fought for did not come into being. We did not create permanent peace. A more devastating war followed when ruthless dictators, feeding upon deluded and unhappy peoples, sought to engulf the entire world in an alien philosophy in which there was no place for the democratic spirit.

Soon the futility of isolation in the modern world was completely demonstrated. This great Nation, which wanted to turn its back on the quarrels and problems of the rest of the world and wanted only to be left alone, was drawn into World War II. Again precious American youth laid down their lives, our people toiled and sacrificed, our Nation gave of its treasure to gain a victory in a conflict which should not have been.

The cost of World War II in loss of life and in human suffering is beyond computation. There is no mathematical formula for measuring the loss of life or the extent of human suffering. Yet the figures do tell a story, and perhaps the vastness of them helps us realize the shocking cost of a modern global war.

There were 313,000 precious American lives lost in World War II.

There were 680,000 Americans wounded.

The Veterans Administration today is paying disability compensation to 1,714,535 veterans, including 133,483 of World War I.

The direct military cost of World War II to the United States was \$340,000,000,000, with an estimated total of \$700,000,000,000 for the original and continuing costs of the war by 1972.

There is no official estimate of the cost in terms of the expenditure of natural resources, but it has been stated that we used 5,000,000,000 tons of our best minerals, and 8,000,000,000 barrels of oil.

The total cost of war material to the world (excluding China) in this last conflict has been estimated at \$1,154,000,000,000, and the extent of property damages at \$230,000,000,000.

Those figures are beyond the imagination. You need but to examine the budget of the United States for the coming fiscal year to realize the continuing financial costs of war. We pay for past wars to the extent of \$5,500,000,000 for veterans services and benefits, \$5,500,000,000 in interest on the public debt, more than \$14,000,000,000 for national defense, and nearly \$7,000,000,000 for international affairs and recovery. That amount of almost \$32,000,000,000 in what might be termed fixed items of expense—all an outgrowth of war or preparations for defense—represents 76 percent of the total 1950 budget.

The direct military cost of World War II to the United States amounts to \$2,266 for every American man, woman, and child.

I have labored you with these terrible facts and figures for no other purpose than to

remind you of the enormous investment we have made to attain security and peace.

Although war is essentially destructive in its character, we know that this costly investment of life and treasure was made because the security of our country and of our free institutions was at stake. We won a complete victory over powerful enemies in that war. Now we are confronted with the task of achieving an even greater result. Again our free institutions are threatened, but the stake this time is more than victory itself, greater even than security against the horror that would follow in the wake of an atomic war.

Our supreme objective today is the peace of the world.

Peace is not the absence of war. Peace is not the byproduct of war. Peace is not won by signing an armistice; that is only an end of hostilities. Peace is that feeling of security and serenity that comes from within—within an individual and within a nation. As war is destructive, peace is constructive. It is building in the minds of men respect for human beings and the development of mutual understanding. It means a desire for freedom. It means security for all. It means justice and humanity.

## II

As a result of World War II, we assumed obligations which even at this moment are pressing us into responsibilities which we can no longer lay aside. The academic argument over isolationism is ended. Whatever may have been the virtues of that policy, as against a policy of internationalism, they are no longer valid in the light of the terrible cost of our victory in World War II. We cannot turn back.

The United States stands today an acknowledged leader among the nations. We cannot evade or ignore the responsibility of world leadership which is ours today. We did not seek that responsibility. We did not attain that leadership by conquest; nor by a policy of imperialism. It has been thrust upon us by the events of our time. We have it, whether we like it or not, and with leadership comes the opportunity to meet it in a way that will benefit all mankind.

Our purpose is, and it must continue to be, the extending of a helping hand in the rehabilitation of the people of war-devastated nations, so that they may become self-respecting members of the family of nations. Our ultimate purpose is to use our influence and our power to sustain justice and to strengthen democratic forces to the end that all peoples may live together and work together in a world at peace.

As we approach the practical aspects of this problem, we must look at the realities of the present situation. Everything we have done has been done, not only with the larger objective of world peace in view but with a realization that in this postwar era two especially strong nations have emerged, each with a different ideology. To one or the other of these nations the world looks for leadership. The United States is one of them. The other is Soviet Russia.

Although we recognize that perfecting and strengthening the United Nations, to make it an effective and workable agency to assure peace, is still a valid objective, and one we have no intention of laying aside, our mature judgment has made clear the necessity of constructive acts of leadership on our part. One of the most important phases of our entire policy in international affairs has been the European recovery program.

This is a long-range program which developed when we realized that we could not build the peace of the world nor prevent the spread of communism with piecemeal aid and relief to meet each new crisis that developed. Although it has been hard for

us to visualize what many countries experienced in actual devastation and destruction, we gave freely to feed and clothe millions of people in war-devastated countries. But this help did not relieve them of their feeling of futility or give them faith and hope for the future. It did not fully safeguard our own intelligent self-interest. The Europe of the postwar period was dangerously near the Europe that Hitler had envisioned when he said that if he went down he would take all Europe with him. Conditions were developing in which communism would have found a fertile field for encroachment.

When our Government adopted the program of European recovery, it recognized the wisdom of a plan to rebuild the economy of western Europe to permit, in the words of General Marshall, "the emergence of political and social conditions in which free institutions can exist." The Economic Cooperation Administration was intended by Congress to promote the industrial and agricultural production of the participating countries, to further the restoration and maintenance of sound fiscal and economic policies, and to stimulate international trade among these countries and between them and others.

Prior to the war this region, embracing the 16 nations which aligned themselves with the west, was the greatest workshop and the greatest market in the world. Within the 2,000,000 square miles of these countries were 397,000,000 people. Before World War II they accounted for more than half the world's trade.

This was no backward region. It was one which, but for the war that had laid waste its factories, and its fields, and its cities, was one of the most advanced in the entire world. We realized from the start that American dollars alone should not be the eventual substitute for European labor and production. Our plan was to help Europe help herself. We have tried to do so with a program so designed as to protect the American economy while priming the productive forces of Europe and stabilizing the European economy.

The European recovery program is succeeding. The results are far beyond what we expected a year ago. Europe is definitely on the road to recovery. It is no longer fertile soil for unrest and the growth of communism.

In the review of the first year's record of ERP, as it was tested in hearings before the Senate Foreign Relations Committee, three major questions were posed. Had the first year of effort made headway in the purpose of assisting member countries to recover from the effects of war? Were the major changes in the structures of the economies of these countries being made, which would enable them to become self-supporting by 1952? Finally, would the progressive development of these economies permit a rise in the standard of living after American aid has been withdrawn?

According to the figures presented to the committee, significant gains are beginning to appear on a number of fronts. The output of factories and mines showed an increase of 14 percent over 1947. The output of electric power was 65 percent higher than the prewar figure and 10 percent above 1947. Railway freight was one-third greater than before the war. Crop production had increased, although still below the prewar level, and exports had increased 20 percent during the first year of the program.

Less noticeable advances were made toward goals of price stabilization, a better balance between supply and demand, and in control of inflation, but there were substantial gains in all of these fields.

In the judgment of the committee, which is sustained by all subsequent reports that we have had, "the Marshall plan has made a notable contribution toward curbing the

spread of disorder and communism and toward giving hope for eventually achieving an improved standard of life" to western Europe.

Is the European recovery program worth what it costs the American taxpayer? I sincerely believe that it is amply worth every dollar we have invested in it, and which, under Administrator Hoffman, has been well invested. Common sense tells us that we must continuously examine and review the details of this program so that it will be effectively integrated into Europe's expanding economy and will make allowance for changing conditions and needs.

So far we know the plan has worked. We know that it has saved Europe from communism. Let us take a glance at the cost in comparison to the cost of war, remembering that this is an investment in peace. For the first 12 months the ECA appropriation was \$4,000,000,000, not including aid to China, Greece, and Turkey. Congress has renewed authorization for 15 months at a similar level, but the specific amount remains to be voted.

Since it is intended to terminate extraordinary American aid to Europe by mid-1952, it has been assumed that for four and a fraction years ERP will cost this country approximately \$17,000,000,000; but I believe it will be considerably less than that as the inflationary costs taper downward. At all events, it is a lot of money. Yet taking this estimate at its maximum and comparing it with the direct military cost of World War II to the United States—\$340,000,000,000—the cost of this investment in peace is only 4 or 5 percent of the direct cost of the war.

## III

In its first year the European recovery program as an investment in peace has made great progress, but over the free world there is still the cloud of insecurity and uncertainty. The strength and permanence of the United Nations remain to be made secure. There are great areas of disagreement between the United States and Soviet Russia. The situation in China is not reassuring. Communism remains a threat to the security of all free nations and to the peace of the world. We dare not overlook these conditions while we continuously strive for the will to peace among all nations, and for understanding among all peoples.

To foster security, the United States and 11 other nations, including Canada, and countries of western Europe, have signed the North Atlantic Pact, a treaty for collective defense. It is a very important treaty in world affairs because it represents an essential step to reassure the smaller nations that we will all stand together against attack by an aggressor nation. In this respect it gives assurance of unity in working for peace within the structure of the United Nations, and it provides an atmosphere of security without which the western European countries would not be able to withstand the encroachment of communism. I believe that it will have a stabilizing effect on international affairs.

It is important to remember that the North Atlantic Pact is completely within the Charter of the United Nations. It is clearly a logical development of policy as reaffirmed in the Vandenberg resolution which passed the Senate a year ago and which listed the development of regional and other collective agreements for "effective self-help and mutual aid." It acknowledges the close community of interests among the North Atlantic nations, already bound together by strong historical, geographical, economic, and cultural ties. It is similar in nature to the plan under which 21 American Republics have worked out a regional system.

With this pact in effect, properly implemented, no aggressor nation could do what Hitler and similar dictators sought to do in picking off, one by one, small defenseless



nations while the great democracies engaged in futile gestures of appeasement.

What does the North Atlantic Pact propose to do? It sets forth the principle that an armed attack on one shall be considered an attack against all. It provides for individual help to any member in case of attack, mutual aid in preparation of defense, and consultation if there is danger of attack.

Warren Austin, our American Delegate to the United Nations, has aptly described it as "a shield and not a sword." He has pointed out that the Charter of the United Nations recognizes that groups of nations can band together on a regional basis and within certain bounds and conditions and contribute substantially to their security against aggression. It is clear that peace and security in the North Atlantic area will go far to assure peace and security elsewhere.

There is no formal connection between the European recovery program and the North Atlantic Pact, but the pact will provide collective self-security and stability, especially when backed by the strength and prestige of the United States, that are essential for the economic and political recovery of Europe. Again it will cost us money, more than \$1,000,000,000 the first year. Again it is an insurance against war which would cost hundreds of times as much, for we know that fear and oppression, as well as hunger, are enemies of peace. And we know that peace and security require confidence in the future.

The North Atlantic Pact, although it has been signed by the representatives of the various nations, has yet to be ratified by the United States Senate. Full information on the treaty is utterly essential, and the hearings now in progress should help provide it. Indeed, there is a very constructive contribution which you women leaders can make, and that is to obtain an informed public opinion on this important treaty.

Everyone who believes in our system of government must recognize that the understanding support of the American people is essential to the success of constructive policies of our Government. This is especially true in the field of our foreign policy. We talk about a bipartisan foreign policy. What we really mean is an all-American foreign policy, and you cannot have that kind of a foreign policy unless you have room for full discussion and complete understanding on the part of the American people.

#### IV

While we seek to implement our international responsibilities through the European recovery program and the North Atlantic Pact, which we hope will prevent another world war, we must remain alert to the possibility of attack by aggressor nations. Particularly must we endeavor to prevent the division of the world into two hostile camps. Our relations with Russia at this time demand firmness and no appeasement, but I hope eventually we can come to understand the Russian people better, and they us. Surely when we speak of peace we mean peace for all. When we speak of justice and security, we mean justice and security for all.

Yet we dare not permit our idealism or our good will to blind us to the realities. If we do, we are likely to make our foreign policies crisis policies merely, and such policies are exactly the ones that would be affected by every gust of wind that blows from Moscow. Even if the Berlin blockade is lifted, as seems certain, that fact should not change in any respect our determination to undertake the obligations of the North Atlantic Pact. This integrated program of recovery and security is no cure-all for all the ills of the world, but it is definitely part of our long-range program to achieve peace and security with justice.

We must develop all phases of our foreign policy with a sense of our profound obligation and responsibility. We must work for a positive program that will lead to under-

standing among the nations and that will make peace and negotiation, and not war and violence, the normal and logical procedures in international relations.

If we are able to do these things, in keeping with the ideals which have made America great, we will have justified, as no other nation in all history, the peculiar destiny which has been ours, for in no other country have the sons and daughters of so many different races, so many diversified nations, so many rich cultures been drawn together into a whole, as in our own. Americans should be fitted as are no other people to understand the problems and aspirations of all their neighbors in this modern world. We have the power to assume this leadership. We have the strength to undertake this responsibility. The great challenge to us as a people is to assure ourselves of the vision and the understanding, and the fundamental faith, to undertake this great task.

#### THE NORTH ATLANTIC TREATY

The Senate, as in Committee of the Whole, resumed the consideration of the treaty, Executive L (81st Cong., 1st sess.), signed at Washington on April 4, 1949.

#### THE NORTH ATLANTIC PACT VERSUS THE REAL OBJECTIVES

Mr. MALONE. Mr. President, the North Atlantic Pact simply, and without question, guarantees the integrity of the colonial systems throughout Asia and Africa.

I thoroughly agree with the statement of the Senator from Ohio [Mr. TAFT] yesterday, when he said:

It is said that arms given to European countries cannot be used by them in dealing with their colonial possessions outside the scope of the pact, but surely anyone can see that all the armed forces possessed by any country are in one pool and that the bigger that pool is, the more easily they can find arms to undertake action which may be considered aggression in their colonies.

#### VITAL LINK TO LOWER-WAGE STANDARD OF LIVING

A decision to ratify the North Atlantic Pact Treaty by a two-thirds majority of the United States Senate will, in the judgment of the junior Senator from Nevada, be a vital link in the chain of events that, taken together, is bound to wreck the economic structure and the wage-living standards of this Nation—the sole objective being to immediately reduce this Nation to 1 of 58 or more units or States in a commonwealth of nations to be known as the Federation of the World.

It is, therefore, vital that the United States Senate take the necessary time to examine and to add up the Administration's post war proposals—and note the trend.

The Senate and the people of this Nation should be advised whether the five major postwar proposals are really the separate major emergency measures that they have been continually represented to be or whether they are all related, having one objective, that objective being immediately to tie the United States into such a commonwealth of nations—to be known as the Federation of the World, with its wealth and wage-living standards averaged with the Asiatic, European, African, Middle East, Near East, and South Seas countries.

#### A WORLD COMMUNITY GOVERNED BY ORGANIC LAW

I believe fundamentally in the final emergence of a single world community,

whose purpose would be governed by organic law.

At present, however, such an ideal is utterly impossible of achievement, and any attempt to bring it about at this time would destroy whatever opportunities we possess to live through the trying times of the necessarily severe readjustment period without a real threat of destroying all hope for the very thing we wish to bring about—a peaceful and prosperous world.

What we should play for is time. A war now would be highly destructive and perhaps catastrophic, even—as seems likely—if we should win it.

As time goes on the aggressive Communist tide will tend to recede, just as the onrushing Moslem tide receded during the Middle Ages.

The people under Soviet control will trend more and more toward an effort to regain their liberties and to evolve a system by which they can live in common dignity and material security which, of course, is the core of our own vision.

As times goes on the present tense situation will tend to relax and it will certainly calm down in the distant future if we are able to hold fast and reorganize the non-Soviet world so that it can function in today's terms while reducing the present attractive opportunities for Soviet expansion.

#### AN OUTMODED FEUDAL WORLD

We know that the feudal world of Europe, Asia, and Africa—made up of petty kings, strong-arm despots, and colonial landlords—can no longer survive the conditions imposed by a scientific world.

We know that the colonial landlords of England, France, the Netherlands, and Belgium can no longer keep their serfs de-industrialized in an industrial world and producing only raw materials to be shipped to the master nation in return for which they are forced to buy the necessary manufactured and processed articles to cover their backs and to secure the necessary tools and implements to eke out a bare existence.

We know that some of these landlord nations have lived off the colonial areas of the Near East and the South Seas for more than 300 years.

We know all these things. Yet by our every action, through our national and international hybrid policies and programs, we seek to perpetuate these very European, Asiatic, and African feudal and nationalistic states, many of them living off the colonial countries and areas producing wool, meats, cotton, minerals, and many other products, including manufactured goods, with what amounts to slave or indentured labor in Africa, Asia, and the South Seas, which is intended to compete on even terms—through our "free trade" policies—with our own workmen.

This type of a slave labor pool is only a step away from the Russian methods in their forced labor mining, manufacturing, and agricultural areas.

The North Atlantic Pact is simply another step down the road of guaranteeing the status quo in international affairs and holding in subjection the colonial peoples of these areas.

THE PEOPLE OF THE COLONIAL COUNTRIES ARE  
ON THE MOVE

It is not a question of taking the easy way of simply guaranteeing the status quo, because the peoples of the world are on the move. They will no longer submit to virtual slavery and a submerged role in economic affairs.

It is the opinion of the junior Senator from Nevada, after visiting most of the nations of the world following World War II, that with all the resources of this Nation we cannot prevent a world economic readjustment on a basis of the new industrial and scientific methods.

To do anything but recognize economic progress will mean that we ourselves will be subject to the pitfalls and influences of socialism or something worse in trying to extricate ourselves from the economic debacle to which our present policy will inevitably lead us.

PRESENTLY KNOWN 5-PART ADMINISTRATION  
PROGRAM

The long-range five-part program has been presented to the Congress and to the Senate by the President of the United States to correct the European problems, each as an emergency in its own right; however, taken together they include and interlock the national and international economy. The five-part program includes:

First. The North Atlantic Pact, which was not the first proposal made, but which is before us today. It would have the effect:

A. To guarantee the integrity of the colonial system of all Asia, Africa and Europe, thus extending the political and economic control of France's Indochina, New Caledonia, French West Africa and Morocco; England's Singapore and Malayan States, East Africa and the Sudan country, South Africa, North Ireland, and many other areas; the Netherlands, Indonesia, and Belgian Congo in Africa.

B. Adding to the power and obligations of the Congress to later pass laws to discharge such obligations of the treaty, under the provisions of article 1, section 8, of the Constitution which automatically become the law of the land upon the approval of such treaty by a two-thirds vote of the United States Senate—and which takes no account of the absence of action of the House in incurring in such future obligations, including the implied immediate and automatic declaration of war or other suitable action.

I quote the following from the Supreme Court:

The Supreme Court, in the case of *Geofroy v. Riggs* (133 U. S. 266), says:

"The treaty power, as expressed in the Constitution, is in terms unlimited except by those restraints which are found in that instrument against the action of the Government or its departments, and those arising from the nature of the Government itself and of that of the States. It would not be contended that it extends so far as to authorize what the Constitution forbids or a change in the character of the Government or in that of one of the States, or a cession of any portion of the territory of the latter, without its consent. . . . But with these exceptions, . . . there is no limit to the questions which can be adjusted touching any matter which is properly the

subject of negotiation with a foreign country."

C. It abrogates the 173-year-old right of the United States Congress to alone decide when our ultimate security and safety is threatened, and provides that when the safety of any one of the signatories to the pact is threatened, we are automatically to consider our own safety in danger, regardless of the circumstances or of any independent judgment of our own.

Second. Appropriations to make up the "trade balance" deficits of the European nations each year in cash, currently labeled the ECA, under which our chief export is cash.

Third. The 3-year extension of the 1934 Trade Agreements Act under which the State Department has adopted a selective free-trade policy of lowering the tariffs and import fees below the differential between the cost of production in this country and that of our foreign competitors, on each particular product, on the theory that the more they divide our markets with the nations of the world, the less their annual trade-balance deficits will be.

Fourth. Approval by the Congress of the International Trade Organization, under which 58 nations with 58 votes, each nation with 1 vote, we would have the same vote as Siam, would meet at least once each year, and would distribute among themselves the remaining production and markets of the world, eventually on a basis of population—we assign to this organization all of our right to fix tariffs or import fees.

Fifth. The bold new program heretofore outlined, included under recommendation No. 10 of the mid-year economic report of the President, just transmitted to Congress, the proposal to enact legislation to provide technical assistance to underdeveloped areas abroad and to encourage investment in such areas.

The bold new program would, according to its proponents, guarantee investments of businessmen, processors, and manufacturers, so as to encourage them to go into the foreign areas throughout the world and produce the necessary products to serve such areas, thus serving any markets that were supposed to be made available to the workmen and industries of the United States through the Marshall plan; and in addition, through the reduction of our own tariffs and import fees, to ship the products of the low-cost Asiatic and European labor into the United States, thus displacing the American workingman, simply by transferring American jobs to foreign soil.

THE ALLIANCE PACT AND IRELAND'S SEAN  
MAC BRIDE

The operation of the North Atlantic Pact in relation to protecting the integrity of the colonial areas throughout Asia, Africa, and all of Europe, was correctly expressed by Sean MacBride, Prime Minister of Ireland, when he said that they would like to cooperate, but as a nation they could not. They are denied the first condition of action as a nation, namely, the possession and con-

trol of the soil of their national territory, of which six counties are kept by Britain and are claimed as part of the United Kingdom—the territorial integrity of which, is, in effect, guaranteed by the Atlantic Treaty.

Mr. MacBride further said, in answer to a question, that article 4 of the draft of the Atlantic Treaty, which is a consultative article, refers to the territorial integrity, political independence or security of the parties to the treaty.

In that connection, Mr. President, I ask unanimous consent to have printed at this point in the Record an article under date of April 13, entitled "Capitol Stuff," by a well-known columnist, regarding Ireland's position in relation to the proposed North Atlantic Pact.

There being no objection, the article was ordered to be printed in the Record, as follows:

CAPITOL STUFF

(By John O'Donnell)

Just to pursue that ancient "this is where I came in" line, we wish to direct the attention of readers with Irish blood to the present visit in Washington of Sean MacBride, Eire's Minister of Foreign Affairs.

The extremely hush-hush talks of Ireland's MacBride and United States Secretary of State Dean Acheson mean just one more unreeling of that ancient theme; that the last tie which binds this piece of ground in the Atlantic to the monarchy of Britain must be slashed. These are the facts:

Ireland's Secretary of State MacBride has told United States Secretary of State Acheson that his Government holds office because the voters elected its members on the platform pledge that the artificial partition of Ireland would be abolished. That Ireland will not enter into any Atlantic military alliance which prohibits the majority of any nation from changing frontiers to meet the wishes of the overwhelming majority of the inhabitants.

And at the same time, the Washington diplomatic representatives of His Britannic Majesty have insisted to our State Department that the United States must not meddle in this delicate problem. And when the heads of our armed forces have mildly reminded the Londoners that we would like to have the use of the airfields of Eire as a part of our chore in saving all of western Europe from the Kremlin, they have been met with the brusque British comeuppance:

"Well, we won World War I while the Irish were staging a revolution. We won World War II without Irish bases which we wanted. And if world war III comes along, we'll win that without the Irish—provided you come across as Franklin Roosevelt did 10 years ago and from then on."

All of this brings up the present battle over the Atlantic Treaty and the proposition of whether to give, under some new lend-lease set-up, billions of American military equipment, planes, guns, and brains. This is just an echo of what happened upon Capitol Hill after World War I when Woodrow Wilson's League of Nations got what it deserved—an ignominious exit via the international garbage can.

TRICK CLAUSE IN FUZZY-BRAINED LEAGUE

In 1919, when the great battle over the League was being staged, the voters of Irish descent played an important part. The same holds true today.

The trick clause in the fuzzy-brained League of Nations was article 10, slickly written into the pact by Britain for the sole purpose of knocking off all efforts of the Irish to win their independence.



Well, we've got the same set-up in the present Atlantic Pact. If the Irish were stupid enough to sign it they would pledge that for the next 20 years (according to article 13) they must respect the territorial integrity and political independence of the co-signers (read article 4).

In other words, the present Government of Eire, elected on a platform sworn to end the present partition of their nation would perforce agree to brush aside its most important issue for at least 20 years. Back in 1919 and 1920, during the days of the troubles which flamed into the honest Anglo-Irish war, a tough, hard-fighting and accurate shooting Irish settled that problem when the identical proposal was slipped into the League of Nations by Woodrow Wilson on the needling of Lloyd George.

Into the present conversations moves notorious article 10 of the League of Nations, which the Senate of 1919 courageously tossed back in Woodrow Wilson's teeth. Had the Wilson League of Nations gone through, these United States would have been called upon to send troops to Ireland to preserve the status quo of that time. In other words, we would have been pledged to use Americans to shoot down Irishmen who wanted freedom from the London rule.

#### SAME SENATE, SAME DIPLOMACY, SAME ATTITUDE

Thanks in great measure to two great Senators from Massachusetts Henry Cabot Lodge and David Ignatius Walsh—article 10 of the League and the League itself were properly killed.

And now, 30 years after, the same thing pops up again. Same Senate, same slick British diplomacy, same angry "to-hell-with-it" attitude of the Irish.

What the British slipped into article 10 of the old League of Nations they've put into article 4 of the North Atlantic Treaty. Why they haven't the simple honesty to call it by its right name—a military alliance against communism—we don't know.

This article 4 proclaims that "the parties" (this means United States fighting men carrying the battle load) will take suitable action whenever "in the opinion of any of them (that is Great Britain), the territorial integrity, political independence, or security of any of the parties is threatened. Well, if the voting majority of North Ireland votes to toss the British crown the hell out of there and join up with Eire to create one simple state, that article, by any reading of words, means that the territorial integrity of the king of Great Britain and North Ireland is most seriously threatened.

And so we are going to send United States troops over there to protect the absentee landlords of London? This is going to be good. But we heard most of it back in 1919 and 1920. The Irish won then and we think they're going to win again.

#### AN AMERICAN POLICY

Mr. MALONE. Mr. President, the problem is not so difficult and complicated as the Administration's propaganda machine would have us believe. It can be approached through a workable American policy which will protect our economy both on the domestic and foreign front while we are working towards a single world community, whose purposes would be controlled by organic law.

As I see it, this American policy must include:

First. An immediate withdrawal from our present commitment to the British Empire objectives and a firm demand for the consolidation into a federation of states—a United States of Europe—of what is left of western Europe, the 16 ECA countries, formed into a structurally sound, free economy, unburdened by in-

dividual monetary conspiracies, Marxist regulations, bilateral agreements, restricting licensing arrangements, or other barriers to manufacture and trade among themselves. It would in fact be a United States of Europe.

Such a Europe containing 16 or more nations could be as intimately linked with us as Canada at the present time. This step is absolutely necessary for the survival of the nations of Europe and for any help rendered by us to be effective.

Second. A flexible import fee system, substituted for the 1934 Trade Agreements Act, to maintain our wage-living standard while we are helping other nations of the world to raise their own.

Such a system is the only logical substitute for the administration's three-part free-trade program, which gives American workmen the lip service of promised labor legislation, and then plunges them into direct competition with the low-wage, low-living standard, slave labor of Europe and Asia.

The flexible import fee bill which the junior Senator from Nevada has already introduced will be offered as a substitute for the 1934 Trade Agreements Act when that measure comes before the Senate for the 3-year extension. Under the flexible import fee, the peril point automatically becomes the tariff or import fee and such import fee would be lowered in accordance with the rise of the living standard in a competitive country, and when they were living about like we are then free trade would be the almost automatic result.

Third. The rebuilding of our national defense organization to the point that it can protect us against any overt gesture from any nation or nations which may seek to extend their system of government to the Western Hemisphere, or into any territory whose integrity we consider important to our ultimate peace and safety. Such a defense organization should be spearheaded by an air corps prepared to keep any possible enemy grounded in any emergency.

Fourth. An extension of the Monroe Doctrine, or open-door policy, to embrace all nations in Europe and Asia, whose cooperation and integrity we consider necessary to our own peace and safety. This pronouncement would be a continual and effective warning to all empire-minded nations which might seek to extend their governmental systems into such areas, just as the Monroe Doctrine has served as a warning to such nations for 125 years that we would consider any effort to extend their system to the Western Hemisphere as dangerous to our peace and safety.

Fifth. Feed emergency hungry peoples of other countries to the extent of our ability without embarrassing them or ourselves by calling it a loan, and without endangering the welfare of our own people. We cannot feed all the hungry people in the world—since in some areas there has been hunger for 2,000 years—and our economy could not stand the strain.

Sixth. Lend money to private industry within such needy foreign countries on a business basis to the extent of our ability without injuring our economy. This

measure could be handled through the World Bank in much the same way that RFC loans are made to industries that need emergency rehabilitation in our own country. The result would be gradually to build up their standard of living through increased efficiency in production. Such loans would be secured in the same manner as our own people are required to secure RFC loans.

#### THE PRINCIPLE OF FEDERATION

Mr. President, the principle of federation is not new. It was formulated by Hamilton, Hay, and Washington at a moment when a confederation of the 13 States of America faced the same dilemma and the same chaos which now confront Europe.

To attain this end would have been easy at the end of the war, when we were the virtual masters everywhere. It will be more difficult now, and it might be necessary for us to use some type of pressure on some of the many regimes which now control the destinies of that Continent. Such pressure might involve only the threatened withdrawal of our present financial support, for the truth is that it is we, and we alone, who manage to keep these unsound governments in power. That the people of Europe are ready for such an eventuality, there is little question. Only the British seriously oppose it.

The British do not wish actual federation involving a single currency, a single postage system, and the free internal movement of raw materials and finished products within a European federation.

They prefer to maintain the status quo, and would rather see an innocuous approach to the matter, to be referred to as a European Consultative Assembly. This assembly would have no power but would only make recommendations to the various countries. Such a Council of Europe was tried once before. It failed miserably, just as the original confederation threatened the ultimate bankruptcy of the 13 American States. And just as we had the good sense to form a centralized federation governed by organized law, so Europe must do if it is to create the conditions of life by which it will be able to live on the products of its own labor, and to resist Russian penetration—and if it is to make effective any financial or other assistance which we are able to furnish.

#### A UNIFIED EUROPE

With a unified Europe once more having a stake in the world, a United States of Europe, and the physical opportunity to seek real goals of security and power, we could deal safely on the basis of quid pro quo. If we gave money, we would get raw materials, finished products, or something else in return.

#### CHINA

When it comes to the question of China, the situation appears beyond control. Two years ago, we could have saved China. Today, the task seems beyond our resources.

#### INDONESIA

We can save Indonesia, if it is our will to do so. It is not necessary to export vast sums of money there, but only to

return to principles which we once enunciated and since have abandoned. What we need to do is to support a free Indonesian Republic, completely rid of the European imperial adventurers and economic pirates who are now bleeding her to death. We have merely to grant Indonesia the assurance of our support in her quest for freedom, and may expect for every dollar we send there, an adequate exchange in trade.

Malay itself is a natural portion of Indonesia, now controlled by England, at Singapore. Its people are the same people, and they would amalgamate at once if they were allowed to. Once rescued from the dead hand of decaying Europe, they have the resources to build a thriving economy, one tied by every link of self-interest with our own.

#### INDIA AND ASIA

The same is true of India, one of our last remaining hopes in Asia. We should notify the British that if we are to continue supporting them, they must move out of India altogether, instead of condoning London in the subterfuges by which it continues to govern and leech that unfortunate country. Our policy, being one of regional federation, should be to aid India in recovering the territories of Pakistan and Burma, which British colonial maneuvers have torn away, and possibly to bring about a still more extensive federation with other adjoining territories of southern Asia.

#### MAKE OUR OWN HEMISPHERE SELF-SUFFICIENT

The principal element of our policy, however, is not connected with others but with ourselves. We should seek to make of our hemisphere and its peripheral lands the stoutest possible fortress, both economic and military. The fact is that this hemisphere can be self-sufficient, if necessary, but that the United States as it stands now is not self-sufficient. It cannot be defended from the basis of either its material economy or military position, without absolute possession of the far north, and without a guaranteed access to the resources of the Latin south based on some species of organic law which allows for a safe and uninterfered-with development of these territories.

Therefore, just as the Russians have made Poland and central Europe a virtual part of their system, Canada, Australia and all the islands of the Caribbean Sea should become part of our union. This is not a mere political ideal, but a necessary part of any considered policy for us in today's world.

#### THE LATIN COUNTRIES

The Latin countries of this hemisphere present another problem; but we have no other course but to urge on them, too, the principles of federation. A unified Latin federation and an English-speaking federation in this hemisphere could then create a basis of working law for their mutual development and security, with possibly a single stable currency, and sufficient limitations on the rights of the individual contracting parties to guarantee a centralized development of all physical resources and a cohesive defense picture.

If we do not create a federation of Latin countries, it will be formed for us

by someone who may turn out to be an enemy. By federation Latin America could be as prosperous as we, and its interests would form a common pattern with ours. Without such a federation such a state as Peru or Bolivia has no more chance to be prosperous than has the State of Nevada or the State of Kansas if forced to stand alone, surrounded by tariff walls and hostile trade and economic barriers.

#### THE MIDDLE EAST

The same general principle of political freedom and economic unity through a federation of states within certain geographical areas could be brought about through Arabia and other political units in the Middle East; Indonesia in the Malayan States; Greater Asia, including that area now uncontrolled by the China Communist Regime; the Latin countries, as well as the European countries with which we are now specifically dealing with reference to the North Atlantic Pact.

#### NEW INTERNATIONAL POLICY

The policy recommended by the junior Senator from Nevada may seem quite new. However, I assure Senators it is my conviction that there is no other course left to us, unless we mean to abandon the world to Russian sovereignty. The North Atlantic Mutual Self-Defense Pact will prove at best only a cruel hoax against the credulity of Americans, just as UNRRA, the British loan, the Marshall plan (ECA), and the whole program of increasingly large loans have proved.

America cannot continue to mine its soil and leech its resources forever, nor can we continue in a struggle wherein every gain by us is temporary and questionable, while every gain by the Russians is permanent.

#### COURAGE AND PRINCIPLES

It gets down to a question of what we believe in, and what kind of policy and blueprint we actually have. In fact, it gets down to a question as to whether we have any blueprint at all outside the noble rhetoric uttered by our statesmen and the ignoble hand-outs we are showing over the world.

If we still have the courage and principles which once distinguished us, our policy should be to export these, and to organize the remaining world along lines sound and satisfactory to us. Then we will have to settle down to the fact that the globe actually has been divided into two parts—the Soviet part and our own. Then when we talk about our half we will not be talking rhetorically but in terms of reality, just as when the Russians now talk of theirs.

#### COURAGE AND SHREWDNESS SUBSTITUTED FOR CROOKED EUROPEAN DIPLOMACY

The difference between a truly corrective policy and a palliative one is not one between isolationism and alleged free-trade agreements and Atlantic pacts or the difference between medium-sized hand-outs, and bigger hand-outs. It is a question of substituting shrewdness, courage, and understanding for the present inane banking psychology and reliance on crooked European diplomacy. It is largely a matter, too, of having some

type of moral conviction as well as some general long-range strategic views as to what we are after, rather than the present petulant actions which distinguish us.

#### MAKE SENSE OR GO BANKRUPT

If we seek to create the kind of world which makes sense to us, the process need not bankrupt us, as threatens to be the case at present, but should add materially in prospect to our wealth.

#### THE BOLD NEW PROGRAM—HOAX ON WORKINGMEN OF AMERICA

The bold new program, proposing as it does, not only to guarantee the investments of our industrialists who build factories and develop mines in foreign countries to serve the markets in such areas, but through the free-trade program to utilize the low-cost foreign labor to displace American jobs, is the greatest hoax ever perpetrated upon the workingmen of America, and is a fitting climax to the three-part free-trade program which has started the Nation on the downward economic cycle.

Only one other move on our part was needed to make the European empire-minded imperial nations set-up complete—in their opinion—and that was our help and military assistance to maintain the more than 100- to 300-year-old imperial system; and that is what is to be accomplished by the document before us today—the North Atlantic Pact.

#### ENGLAND'S SECRET PACT WITH RUSSIA

All of this to be done while the British were signing another billion dollar bilateral trade treaty with Russia. The information as to this secret pact was allowed to leak out—according to the usual British custom, however, with no details—but it is known that she has agreed to buy more than a million tons of grain from Russia. Talks for such an agreement had been going on for some time it was disclosed.

For this large amount of foodstuffs the British will ship to Russia the machinery which they so desperately need to consolidate their gains in China and to continue through to the Near East and the South Seas and to properly supply her own people and the nations behind the iron curtain.

In that connection, I ask unanimous consent to have printed in the RECORD at this point in my remarks an article from the Wall Street Journal of July 9, which bears the headline, "Britain reported in secret pact to import nearly a million tons of grain from Russia in next year." That is in return for the machinery and the various things which Russia may need, including, of course, tool steel, ball bearings, and everything else necessary to fight a war and to develop her conquest areas. It is said to be a billion-dollar deal.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### BRITAIN REPORTED IN SECRET PACT TO IMPORT NEARLY A MILLION TONS OF GRAIN FROM RUSSIA IN NEXT YEAR

LONDON.—Britain has secretly agreed to buy nearly 1,000,000 tons of coarse grain from Russia in the next year, official sources disclosed.



The informants added that part of a barter-deal agreement was initiated in private in Moscow last week.

Talks for a 1-year British-Russian trade pact have been going on for some time. The grain deal would form part of that year-long pact.

Negotiations for a longer term British-Soviet trade agreement are expected to follow.

Russia is to supply a big quantity of wheat over and above the coarse grains—oats, barley, and corn—the informants said. They declined to say how much.

#### UNITED STATES OFFICIALS NOT SURPRISED

WASHINGTON.—Agriculture Department officials here described the reported Russian-British grain deal as normal, and to be expected.

They also expressed doubt that such a bilateral agreement would have any direct effect on operation of the World Wheat Agreement, which took effect July 1 after approval by the United States Senate. Russia did not sign the pact, although the United Kingdom did.

Experts on the wheat agreement's provisions note that each country signing the pact is free to make trades outside the agreement in any way it sees fit.

Under the pact, Great Britain agrees to import 177,000,000 bushels of wheat a year for 4 years, starting in 1950, from all the producing nations included in the agreement. She normally imports a total of 200,000,000 bushels of wheat a year. Thus she must, under normal circumstances, buy considerably more grain than is covered by the pact.

Wheat agreement experts explained that signatory countries withheld from coverage under the pact certain amounts of free wheat they expected to trade with other countries. One official said "most countries within the agreement must trade on the side even to get enough wheat to eat."

#### BILATERAL DEALS HIT

MONTREAL.—Canadian exports of manufactured goods to the sterling area are falling at an alarming rate, said the Canadian Chamber of Commerce.

The chamber called on the Government to continue trying to clear the way to promote foreign trade. The Government should concentrate particularly, said the chamber, on halting restrictive and arbitrary practices in customs administration. They are a barrier to trade, particularly with the United States, the chamber asserted.

A chief obstacle to private trading, said the report of the chamber's foreign trade committee, is the prevalence of bilateral deals. Most of them, it added, result from the fact that pounds sterling cannot be converted into dollars. This results in two watertight money and trade blocs which are leading even farther from multilateral trade.

#### BARTER TRADE POLICY SEEN

OTTAWA.—Britain's agreement to buy grain from Russia has Canadians wondering if the United Kingdom will continue to buy any substantial amount of wheat from Canada in the future.

Under the world wheat agreement, Britain has agreed to purchase 140,000,000 bushels of Canadian wheat at \$2 a bushel in the crop year beginning August 1. There has been no suggestion here that Britain will fail to carry out that agreement.

But there are some doubts among Canadians about where Britain will buy its wheat in 1950, if Britain's dollar crisis continues and there is a chance of barter agreements with Russia and Argentina, the two big

wheat producers who are not in the world wheat pact.

Coming on top of the recent Anglo-Argentine trade pact, it caused apprehension in Canada. This is particularly so because C. D. Howe, Canada's trade minister, was assured by Britain a few months ago that it considers bilateral deals a temporary expedient and that Britain still favors multilateral world trade as a long-term policy.

The British-Russian deal comes after the British Labor Government has been subjected to considerable criticism at home about rationing. The critics have argued that more dollars should have been used to buy fodder and to increase domestic cattle herds so as to produce more meat and milk.

It is assumed here that the Russian deal is the answer of Sir Stafford Cripps, British Chancellor of the Exchequer, to this criticism.

Mr. MALONE. Britain's pound sterling can be converted into dollars at its true value of \$2.25 or \$2.40—naturally no one wants it at \$4.03.

FORTY-ONE BILLION DOLLARS—60 PERCENT OF UNITED STATES AREA

The Congress of the United States has gift-loaned \$24,000,000,000 to the nations of the world plus the \$17,000,000,000 pledged under the Marshall plan, making a total of \$41,000,000,000 since World War II ended.

Forty-one billion dollars is \$5,000,000,000 more than the combined assessed valuation of the 11 Western States, including California, Oregon, and Washington, and the 14 Southern States, including Texas, and accounts for approximately 60 percent of the area of the United States. At this rate we can dispose of the whole business in a very short time.

Most of this outlay to support fictitious and dishonest values for the foreign currencies of Europe.

#### THE BIPARTISAN POLICY MYTH

There can be no bipartisan foreign policy until there is a foreign policy that stops at the water's edge—and that is now inseparably linked with the administration's dissipation of American wealth and the division of the markets of this Nation with the nations of the world under their three-part "free trade" program, and since our Secretary of State, Dean Acheson, has said:

It is hardly possible any longer to draw a sharp dividing line between the economic affairs and political affairs. Each complements and supplements the other. They must be combined in a single unified and rounded policy.

Willard H. Thorpe, Assistant Secretary of State, was for the first time very definite in testifying before the Senate Finance Committee on the 24th of January of this year in support of the 3-year extension of the 1934 Trade Agreements Act when he said—and, Mr. President, this is an important pronouncement by the Assistant Secretary of State:

1. The European recovery program (Marshall plan or ECA) extends immediate assistance on a short-term basis to put the European countries back on their feet.

2. The trade-agreements program is an integral part of our over-all program for world economic recovery.

3. The International Trade Organization, upon which Congress will soon be asked to

take favorable action provides a long-term mechanism—

This measure—ITO—has now been introduced as an agreement in both Houses—

each part of this program is important. Each contributes to an effective and consistent whole—

So says the Assistant Secretary of State.

It will be seen from the statements of the administration spokesmen that there positively cannot be a bipartisan foreign policy without extending it to national economic affairs, in which case there can be no disagreement on either national or international economic policy, or on the administration's hybrid economic programs, by any bipartisan advocate, which in the humble opinion of the junior Senator from Nevada, will complete the job of wrecking the economic system of the United States.

#### NORTH ATLANTIC PACT AIMED AT RUSSIA

The President of the United States, the Secretary of State, the chairman of the Senate Foreign Relations Committee, and the ranking minority Republican member of that committee have repeatedly expressed themselves to the effect that the North Atlantic Pact is to contain Russia in consideration of the announced purposes of the pact.

It is, of course, sheer nonsense then, and useless conversation to say that a Senator voting for the pact is not bound to vote for the arms provision, or at least to believe in the appropriation of funds for the military plan.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I shall be happy to yield to the Senator from Indiana.

Mr. JENNER. The Senator has just stated that the North Atlantic Pact is supposed to contain the might and power of Communist Russia. Is that correct?

Mr. MALONE. That is the only conclusion possible from the statements of the proponents of the pact.

Mr. JENNER. How can the North Atlantic Pact contain Russia in the east?

Mr. MALONE. It is the opinion of the junior Senator from Nevada, based on prior experience and experience in connection with the containment by the countries of Europe and based upon the history of all such historical maneuvers, that the North Atlantic Pact has no chance at all of containing Russia; it will be a dismal failure—simply giving the American people a false sense of security for a time.

Mr. JENNER. How does the pact specifically propose to contain Russia's strength and growth in the east? We know Russia has most of China; she dominates more than 350,000,000 Chinese today.

Mr. MALONE. The pact has been specifically interpreted by the three gentlemen to whom I have just referred to mean that, of course, arms are necessary as a supplement to the pact; as a matter of fact the pact is really a supplement to the arms provision—it was an afterthought to sugar-coat the arms provision so that the American people would take it.

In one press release Mr. Acheson was so indiscreet as to say that the pact is really—I do not recall his exact words—a supplement to the arms movement in Europe; in other words, to bolster the idea of arming Europe. We must first have a pact on which to base it, so that the people of the United States will take it.

Mr. JENNER. But that applies only to Europe; it has no application to China and the Far East. Is not that the Senator's understanding?

Mr. MALONE. I believe that is what the proponents of the pact have said. As the senior Senator from Ohio said yesterday, if we furnish one or all of the 12 nations signatory to the pact with arms, the arms they already have and the arms we furnish them are one unit. The Netherlands will continue the work it is now doing, using money from the ECA, as it has been for the past year and a half. I was there and inspected the situation on the ground. They were spending approximately \$1,000,000 per day to subdue the Indonesians. I saw the armies and the munitions being supported by our money. It is said that it is not our money, but it is like a man going to a bank, already having \$100, and borrowing \$500. He then buys a \$100 suit of clothes. He probably would not buy the suit of clothes if he had not borrowed the \$500.

I will say to the Senator from Indiana that of course it will apply to the colonial system, just as the senior Senator from Ohio yesterday said it would. It could not be otherwise.

When they get into trouble through trying to defend an indefensible system which is on the way out, we do not have the power to hold them. The people of Asia are on the move. They know how other peoples live, and they will no longer submit, in my opinion, to a de-industrialized area of their own in an era of world industrialization.

Mr. JENNER. Mr. President, will the Senator yield further?

Mr. MALONE. I am happy to yield.

Mr. JENNER. Does the Senator see the ratification of the North Atlantic Pact as a possible forerunner of another pact in the South Pacific? I notice in this morning's newspaper that Chiang Kai-shek has been conferring with the leaders of the Philippine Government, and they have announced that they must have a South Pacific alliance. Does the Senator see the North Atlantic Pact as a forerunner of a South Pacific Pact and an Eastern Pact, with additional armies under the Rio Pact?

Mr. MALONE. I will say to the junior Senator from Indiana that what we are doing is not the correct answer, in the humble opinion of the junior Senator from Nevada. We do not have the correct answer in trying to finance and divide the world into two armed camps, while maintaining groups of European nations, economically hostile to each other. We must have a federation of states in Europe like the United States of America. We must have a United States of Europe, with the states dealing with each other as our States deal with each

other in America. We must have, if possible, as I have already pointed out in the course of my address, a federation of nations in Asia, as large as it can possibly be at this late date. It would, of course, leave out a great part of China, in which the "agrarian" Communists have taken over. They have categorically denied having anything to do with agrarian, and stated unequivocally that they are Russian Communists and not the Marshall type. Then there should be a combination of Malayan states, so that there are no longer separate states ruled by despots, with rivalries as between themselves. Some of these little nations are smaller than the Senator's State, with trade barriers, antagonisms, and all kinds of animosities, while we are trying to hold them together by pouring in billions of dollars, when in reality we are simply supporting the thing about which we complain.

Mr. JENNER. Does the Senator think that nationalization in Europe, for example, will ever permit what the distinguished junior Senator from Nevada is talking about?

Mr. MALONE. I will say to the distinguished Senator from Indiana that I do believe it could be brought about, but not by pouring billions of dollars into Europe without an understanding of procedure. We can withhold our money and our goods from nations which do not agree. As I have already stated, there is only one nation which really objects to the whole thing, and that is England, because she has a system of sterling which covers approximately 57 or 58 nations and entities throughout our military sphere.

I might say, as a background, since the Senator has brought it up, that there are two military spheres in the world, Russia and the United States.

The junior Senator from Nevada attended the first meeting of the United Nations, as an observer, in 1945, at San Francisco. We were going to have one world. It was going to be united. Everyone was going to work for the best interests of all, cooperating with everyone else. It was said there were five major nations. Some of us said there were only two. It has developed now that there are only two, namely, Russia and the United States. So the world is divided into two military spheres of influence. Our military sphere of influence is divided into at least five economic divisions. There is the dollar division, which is confined entirely to the United States, our own country, and partially to Canada, because they are partially still under the influence of the sterling bloc. Then there is the sterling bloc, with 57 nations scattered throughout the world; the French-franc bloc, and the Belgian-franc bloc, and the Netherlands-guilder bloc, all fighting with each other for control through manipulation of their own currencies for trade advantage.

In partial answer to the Senator from Indiana, I ask unanimous consent to present for the RECORD at this point an editorial from the Wall Street Journal of July 11, 1949.

THE PRESIDING OFFICER (Mr. STENNIS in the chair). Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### MORE MUDDLED MUDDLE

The International Monetary Fund, which was set up to keep the postwar world out of money muddle, is going to undertake a study of ways to get the world out of the money muddle it is now in.

It is a strange mess. Outside of the United States about the only nations that have a currency of uniformly acceptable value are such places as Switzerland, Portugal, and Mexico.

There are 30 kinds of pounds sterling, worth from \$2.90 to \$4.03 depending on how and where you get them. A Frenchman finds his franc varies in value according to what he wants to do with it. Even the Canadian dollar, a hard currency, has schizophrenia; sometimes it is worth 100 United States cents, sometimes only 95 cents.

All this helps tighten the noose on world commerce. It's a brave man who'll plunge into the foreign trade seas these days. Nobody is sure of anything except that these moneys aren't worth what the governments say they are. So goods that ought to move from one country to another, don't.

The ways out of the mess are well summed up by the current National City Bank Letter: "One way out would be another wide turn of the price-wage spiral in the United States, which would enable inflation here to catch up with inflation overseas. \* \* \*

"A second way is deflation of wages and prices in soft-currency countries to a point where their international trade would balance out. This \* \* \* involves the pains of numerous business failures and temporary unemployment for many people. The best thing that can be said for it is that it works. \* \* \*

"Third, is the readjustment of official exchange rates. In the modern economics this was supposed to be the easy and painless way out of exchange difficulties. Where internal inflation has gone far out of hand it is an essential supplement to other measures."

The Monetary Fund, as well as the nations in the muddle, knows these alternatives. The trouble is that only one of them is painless to the patient—that one is to have the United States do some more inflating until our money is equally cheapened. With that method everybody would be even—Stephen. The only parties hurt by it would be ourselves.

The French have already suggested we do just that. While the air is full of talk about the need for currency revaluations in Europe, there came last week, with Gallic blandness, the proposal that the United States devalue the dollar.

This trial balloon plopped. But we won't be surprised if before long we hear from other quarters that the whole trouble lies in the United States' failure to keep the dollar inflation going.

Meanwhile Monetary Fund officials can keep busy reporting on why the fund doesn't have enough to do to keep it busy.

Mr. MALONE. The editorial says in part:

The International Monetary Fund which was set up to keep the postwar world out of money muddle, is going to undertake a study of ways and means to get the world out of the money muddle it is now in.

It is a strange mess. Outside of the United States about the only nations that have a currency of uniformly acceptable value are such places as Switzerland, Portugal, and Mexico.

There are 30 kinds of pounds sterling, worth from \$2.90 to \$4.03 depending on how and where you get them.



I will say to the Senator from Indiana that when I was in Europe, even in Lebanon, on the Mediterranean, I purchased pounds for \$2.25. One pays according to where he happens to be located at the time in the exchanges throughout the world, anywhere from \$2.25 to \$3.00 as a maximum, never \$4.03. The United States makes up the difference through the Marshall plan.

I now continue to read from the editorial:

A Frenchman finds his franc varies in value according to what he wants to do with it. Even the Canadian dollar, a hard currency, has schizophrenia; sometimes it is worth 100 United States cents, sometimes only 95 cents.

All this helps tighten the noose on world commerce. It's a brave man who'll plunge into the foreign trade seas these days. Nobody is sure of anything except that these moneys aren't worth what the governments say they are. So goods that ought to move from one country to another, don't.

The ways out of the mess are well summed up by the current National City Bank letter: "One way out would be another wide turn of the price-wage spiral in the United States, which would enable inflation here to catch up with inflation overseas."

But there is no stability of currency, and there is no chance of any system succeeding until there comes a time when money currencies are interchangeable. When they are allowed to find their true value, without artificial support (the Marshall plan) then and only then will anyone just as soon have a pound rate or a franc or a guilder as its equivalent in United States money. The reason why a visitor to any one of these countries will not take any of the money of France or England into another country is because the currencies are not recognized as of the same value. If the pound were allowed to reach its level, if the franc were allowed to reach its level, in the markets of the world, in relation to the dollar, then one would just as soon have a pound in his pocket or a franc in his pocket as to have the equivalent in American money. What one does not want in his pocket is something that is said to be worth \$4.03, but in Lebanon, or in Rome, or in the United States, will bring \$2.25.

It is impossible for any such scheme as we are undertaking to succeed until the time when the European nations form a United States of Europe, the federation of the states of Europe, or, to carry the Senator's question a little further, when as much of Asia as is possible, and of the South Seas, and of the Middle East, organize into federations so that there can be an interchangeable monetary system, and when there are no restrictions of trade as between the small states in the same area.

VANDENBERG RESOLUTIONS—THE PACT—ARMS TO EUROPE—SOLDIERS TO EUROPE

The Vandenberg resolutions were the forerunner of the pact according to the Secretary of State—the pact is the forerunner of furnishing arms to Europe—and the arms to Europe is a forerunner to sending American soldiers to use them.

WINSTON CHURCHILL'S PLEDGE

It is a repetition of Winston Churchill's famous implied pledge that, "American

troops would not be needed in World War II." In his stirring plea broadcast from London just before Congress enacted lend-lease he said, "Send us the tools and we will finish the job."

Many will also remember that we answered that plea—we sent the tools—and later came the plea for troops—and we ended by furnishing approximately 70 to 75 percent of all the troops needed for the job.

Mr. President, I was acting as special consultant for the Senate Committee on Military Affairs during the war, and for the Secretary of War a part of the time. I was in a very excellent position to see this thing develop. What we are seeing is just a repetition of the saying, "This is where we came in."

SENATOR GUY GILLETTE AND ARMS FOR THE PACT

There is, of course, no question that the North Atlantic Pact is based primarily on the military assistance program, which the Senator from Iowa [Mr. GILLETTE] so ably expressed yesterday in his quotation when he said:

The overriding interest of the sponsors of this treaty has been, and is, to construct a vehicle for the transfer of arms and military equipment from the United States to Europe.

In other words, digressing from the quotation, the arming is not the secondary thing, the arming is the first thing. It was necessary to have a vehicle to make it look reasonable, to get the American people to stand for it, just as was done in World War II. I continue the quotation from the Senator from Iowa:

In other words, European efforts to obtain arms and munitions from our American arsenal preceded, and, in fact, were the real reasons for the negotiation of the North Atlantic Treaty. Thus, the arms assistance program is not a necessary consequence or complement of the pact. Quite the reverse, the pact was necessary to justify before the American people the proposed shipment of arms and munitions to western Europe.

The Senator from Iowa then called the attention of the Senate to the May 22, 1949, Department of State Bulletin. On page 646 he quoted:

The military assistance program was conceived and developed separately and somewhat in advance of the formulation of the pact. The military assistance program would be necessary even without an Atlantic Pact.

He further said:

How can any reasonable man avoid drawing the obvious conclusion?—the western European countries needed more armaments; they asked the United States to supply those armaments; the State Department sought a formula, a device, a vehicle by which the peacetime shipment of armaments overseas could be made acceptable to the American people.

Mr. President, there will be one other matter which will be very noticeable about the time the arms start for Europe, namely, the meager appropriations and efforts the European nations will be making in their own defense. The armies of France are very weak, French armament is weak. The armies of England are not much better, and the arms of the rest of the nations lumped together are very, very slight. In my opinion, there will be noticed a falling off of such appropriations, meager as they are, so that very

soon the Congress of the United States, and we, Members of the Senate, on this very floor, will be appropriating money and sending the arms which the other nations in Europe consider necessary to defend themselves.

PRESENT HYBRID NATIONAL AND INTERNATIONAL PROGRAMS DOOMED TO FAILURE

The administration's present hybrid 5-point program considered as a total policy makes no sense at all and is, of course, doomed to failure. It cannot prevent communism, but on the contrary will encourage it. It cannot build a national economic recovery in Europe or Asia, nor can it forestall the acute crisis which is even now taking place in England.

As an example of the self-contradictory nature of our hybrid national and international programs can be cited the question of Japanese textiles which over the years has been a major Japanese export.

We are supporting a Japanese economic recovery on the theory of creating a bulwark against communism, at the same time we are supporting the British economic and the British sterling bloc which involves approximately 57 countries and entities throughout the world containing about one-quarter of the population of the world. The British at this moment are acting to exclude Japanese textiles from the entire sterling bloc area and at the same time arranging through our lowered tariffs and import fees to dump both British and Japanese textiles on the American market and within the markets that might reasonably be available to this Nation's manufacturers and, I might say, to our workmen, until we forgot about them.

BUYING VERSUS FINAGLING FOREIGN TRADE

We are trying, Mr. President, to buy foreign trade. The European nations are trying to finagle foreign trade, through the manipulation of their currencies, empire preferential rates, embargoes, and many other dishonest devices. But we must finally face the fact that no one or no nation ever buys anything from anyone else that he can conveniently produce for himself.

Second, when he cannot conveniently produce it himself, then he buys the quality he wants where he can get it at the lowest possible cost.

Mr. DONNELL. Mr. President, will the Senator from Nevada yield to me for a question?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. DONNELL. The question does not relate to the immediate subject the Senator is discussing, but it does relate to a matter the Senator referred to a half hour or so ago. That was as to the effect, if any, of the North Atlantic Treaty on the matter of colonial possessions. I have in my hand a photostatic copy of pages 702 and 703 of the Christian Century, of June 8, 1949. On page 702 appears an article entitled "Questions for the Senate." Among other things there appears in the article the statement that:

The North Atlantic Treaty, a 20-year military alliance with 11 other nations, is the

issue—the real issue. This will change the foreign policy of the United States from one of independent action to one of permanent military alliances involving guaranties to governments whose policies are beyond our control.

After saying that, the writer lists several of what he considers to be prior and important questions which he thinks Members of the Senate should consider. It is one of those I wanted to submit to the Senator and ask him for such, if any, comments as he desires to make on it. The question is:

Would a military alliance of this sort—

And, to interpolate, the writer means the North Atlantic Treaty—

and with these allies implicate the United States in efforts to restore or maintain colonial empires? It has been claimed that this could be guarded against by prohibiting the use of American weapons in colonial campaigns. But this would not meet the issue if the American military guaranty of European colonial powers enabled them to strip their home defenses and employ their major forces—as in Indochina and Indonesia, where France and Holland now have armies of more than 100,000 in action—for suppressing colonial uprisings.

The Senator from Nevada appreciates the point that is raised there. I particularly should like to have his comment on this specific question, and I repeat it:

Would a military alliance of this sort and with these allies implicate the United States in efforts to restore or maintain colonial empires?

Mr. MALONE. The Senator from Missouri has put his finger directly on the sore spot in this treaty. It is for the one purpose alone of guaranteeing the integrity of the colonial systems in Asia and Africa of the empire-minded countries. That is the humble opinion of the junior Senator from Nevada. Naturally, the empire-minded countries will use the arms from the mother countries to keep subdued and under their complete control the Asiatic peoples in their colonies, the peoples of the Near East and of the south seas and the African countries they now own and control, and have owned and controlled, in some cases, for as long as 300 years.

#### INDONESIA

I wish to cite in that connection my visit to Batavia and other parts of Indonesia. I was able to secure a plane and go to Jogjakarta, where President Soekarno and Dr. Hatta were located with their Cabinet. We flew over both the Dutch and the Indonesian Armies. I was informed, although personally I did not see the American arms, that there were certain types of arms there in use by the Dutch which could have been secured from no other country than ours. They had plenty of arms and munitions and ships and all the means necessary to keep the Indonesians surrounded so they could not ship anything out of Indonesia. They were using there for several weeks, it was roughly estimated in the press throughout the Nation, approximately \$1,000,000 a day of ECA money, which, of course, they stated was not ECA money; but the case was similar to that of a man who had \$100, and borrowed

\$500 from the bank, proceeded to buy himself a suit of clothes for \$100, and then said that he did not use the borrowed money to buy the clothes. The situation was about that simple—of course it was ECA money—and of course it will be the arms furnished by the United States or arms released by virtue of these arms which will be used against the colonial nations by the mother countries. Of course it was our money. Of course they have subdued the Indonesian people again with our money and material, or at least what we have given has released their own material so they could send it and use it in Indonesia.

#### THE STERLING-BLOC CONTROL

I also visited the Malayan States; I visited Singapore; I visited Saigon in Indochina; I visited Bangkok in Siam and Rangoon in Burma. I found there practically the same condition. In other words, even where the British have relinquished a certain amount of physical control, the people of those countries are still under the domination of the sterling bloc, which is just as effective as an iron stockade around the nations which have to trade within the sterling bloc.

When I visited Italy where I met a banker who said "During the war we were getting along all right. I had about 25,000,000 pounds in sterling. But now, just as I have started to trade, the bloc is applied, and I can only trade with England and the sterling bloc nations. I cannot trade outside those areas."

So I say to the Senator that he has put his finger on the tender spot of the treaty. That is exactly what it is all about.

#### PEOPLE OF ASIA ARE ON THE MOVE

Mr. President, I say it is a hopeless task for the empire-minded countries to subdue the peoples of Asia, and of the South Seas. These people are definitely on the move, and are on the move because they have been under the yoke as long as from 100 to 300 years. They are simply going to remove that yoke. It does not make any difference to them who they join in order to remove it. It may and probably will be the Communists—therein lies the danger of our policy. But we are guaranteeing the integrity of that system under the proposed treaty. And it is an impossible job.

Mr. DONNELL. Mr. President, will the Senator permit another inquiry along the same lines?

Mr. MALONE. I am glad to.

Mr. DONNELL. I should like to call the Senator's attention and ask his opinion with respect to certain testimony given by the Honorable Louis Johnson, Secretary of Defense, before the Committee on Foreign Relations, which appears at pages 186 and 187 of the testimony. The question is as follows:

Mr. Secretary, I wanted to direct your attention to another question, that is, the possibility of the use of equipment which this country might furnish under the North Atlantic Treaty, the possibility of the use of that equipment by those who are the other signers of the treaty for purposes which we might not favor.

There are two of the signatories, are there not, who are at present at war with their own colonies, namely, France and the Netherlands?

Secretary JOHNSON. Just what do you want to know about France and Netherlands along that line?

Senator DONNELL. Are they at war with their own colonies, any of their colonies, at this time?

Secretary JOHNSON. I do not know.

Senator DONNELL. You know of the Netherlands being at war in Indonesia, do you not?

Secretary JOHNSON. I know that they were.

Senator DONNELL. Very well.

Secretary JOHNSON. I saw in the paper that France was having some troubles, I believe, with Morocco or someone. But you are asking me about something, knowledge of which I do not possess as an expert, and where I do not know, I am not going to answer.

Senator DONNELL. I would not want you to; I certainly would not. I wanted to ask your opinion, however, of this question, regardless of whether or not you are familiar with the actual facts as to their particular countries.

If equipment should be sent by our country under the terms of the North Atlantic Treaty to a country which is itself engaged in war against its own colony or colonies, would not one of two situations be possible? First, that such country might use some or all of that material in the fighting against its colony; or, if by reason of precaution in our agreement with it as to the furnishing of that equipment, it could use the equipment which it received for the purpose of releasing other equipment to be used in the war against its own colonies?

Secretary JOHNSON. As to the other equipment, there would not be too much we could do about it. As to that which we furnished, we can control it within the area of this treaty.

Senator DONNELL. And just how would you control that? What type of policing would you have in order to be sure that each country would use that equipment solely for purposes that the United States thinks proper?

Secretary JOHNSON. Their very dependency upon us for future aid in that field would enable us to control it within that area. If you have to worry on that score, we can give proper assurances, Mr. Chairman, that that will not happen. American equipment that goes in will be used within the terms and purports of the treaty.

The CHAIRMAN. When it is given to them or furnished to them, would not it be understood in the agreements that it is to be used under this treaty?

Secretary JOHNSON. We can control that. He wants to know how we can control it. How we control it will be determined later. That it will be controlled we tell you now.

The CHAIRMAN. But when we supply them with this material, will it not be understood that it is to be used under this treaty?

Secretary JOHNSON. Yes, sir.

The CHAIRMAN. And not for general warfare, general expedition.

Secretary JOHNSON. That is right, sir.

The question I desire to ask the Senator is this: What does the Senator think about the point Secretary Johnson makes, that if we send equipment to a country which is at war with its own colony, that may simply release for use against its colony equipment which the country has already, and it can technically confine the use of the equipment which we send to defense against other countries, rather than for use in the colonies? What does the Senator think about the point Secretary Johnson makes, that we can control that which we furnish within the area of the treaty; and as to the other equipment, there would not be too much we could do about it?

Mr. MALONE. I will say to the Senator from Missouri that I have the highest regard for Louis Johnson, Secretary



of Defense. I have defended him on this floor and have spoken in his interest. I should say that is a weak point in his testimony. That is the kindest thing I can say about it. In other words, someone cornered him, and he should have stood on his first answer, that he did not understand it, and let it go at that.

Any sensible person knows that certain countries will continue to do what they have done for a hundred years. We cannot police the situation. We should reverse the insupportable position we have taken, which will not only wreck other countries, but wreck us financially. We cannot possibly furnish enough money for the 16 ECA nations, each the enemy of the others economically, to get anywhere or do any good. We simply cannot do it. The 16 nations are at loggerheads. Each of the empire-minded nations is defending its line of communications to its colonies. As the Senator knows full well, and as Louis Johnson knows full well, some of those nations have made a living from their colonial empires for 100, 200, or 300 years. They would have to change their mode of living if they lost them. The last thing they will give up will be their colonies and their slave and indentured labor support.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I yield.

Mr. DONNELL. Does the Senator regard it as rather significant that Mr. Johnson, although saying that we can control the situation, does not say how we are to control it? He says that the method of control will be determined later. Does the Senator regard the fact that it has not yet been determined how the situation is to be controlled as a point that should have been considered in advance of the treaty, rather than later, when we shall have to devise plans to control it?

Mr. MALONE. The situation is intolerable. Those nations must have the arms to control their colonial system, and they can see the end of Marshall plan relief. Therefore the proposal is made to us that we furnish them arms through a revival of lend-lease. As was so ably explained by the distinguished Senator from Iowa [Mr. GILLETTE], the pact was simply an afterthought to provide a sugar-coated pill, palatable to the American people, in order to provide those nations with the arms they need to control their colonial systems. That is why they want them.

Mr. DONNELL. Mr. President, will Senator yield for a further question?

Mr. MALONE. I yield.

Mr. DONNELL. I invite the attention of the Senator to the article from which I read, from the Christian Century. First, let me ask the Senator if he is familiar with that publication, and whether he knows it to be a publication of high standing.

Mr. MALONE. Yes; I am familiar with it.

Mr. DONNELL. I ask the Senator whether he agrees with this observation in the article from the Christian Century of June 8:

The North Atlantic Treaty, a 20-year military alliance with the 11 other nations, is the

issue—the real issue. This will change the foreign policy of the United States from one of independent action to one of permanent military alliances, involving guaranties to governments whose policies are beyond our control.

Does the Senator think there is some real, sound, common sense in that statement?

Mr. MALONE. I had not known of the existence of the article, but it is exactly what I said in the early part of my address. I stated we were changing our 173-year-old policy of the Monroe Doctrine, under which we were the sole judge as to when our ultimate peace and safety are threatened. We have never gone to war except when we believe our ultimate peace and safety to be threatened and we were the sole judge. It is now proposed to change that policy and to say definitely and irrevocably that when one of the 12 nations under the pact is attacked, then we are attacked, and we are on the way to defend it in some manner. We must determine in just what manner. In effect, it is proposed to amend the Constitution of the United States through a treaty, which the supreme court has said is possible. Therefore we have no recourse whatever once the treaty is approved by a two thirds vote of the Senate of the United States.

Mr. DONNELL. Does the Senator agree that this alliance does involve guaranties to governments whose policies are beyond our control?

#### LAY DOWN CONDITIONS BEFORE WE FURNISH MONEY

Mr. MALONE. They are beyond our control if we do not have the gumption to lay down a method of behavior before we furnish the money. I have heard many times on the floor of the Senate the statement that, of course, we could not interfere with a nations method of government. I agree with that statement, provided the other country is financing itself. The situation is similar to that involved when a man goes to a bank to borrow money to finance a contract or a business deal. It may be that his behavior has not been too acceptable. That is not the bank's business up to that time, that is; but when he comes to the bank to borrow money and the bank becomes responsible to the depositors to see that the money is repaid then it suddenly becomes the bank's business—we are the guardian of the taxpayers money in the same manner—however not very responsible sometimes, I fear.

Mr. DONNELL. Is it not correct to say that this treaty does involve guaranties to governments whose policies are not controlled by anything in the treaty?

Mr. MALONE. I should say that we cannot control them unless we have the gumption to lay down a method of procedure and say, "On this basis we will furnish the money."

Many students of European affairs have said that Europe is ready for such an arrangement. There is one nation that stands out as opposed to control of currency manipulation. The sterling bloc system is being worked on the European nations, the 16 ECA nations. It is being worked on the 12 nations coming into the pact. It is being worked on the 57 or 58 countries or entities in the

sterling bloc. It includes India. The effect on the United States is to restrict our trade area. I can give the Senator an example in the case of India.

#### INDIA AND THE STERLING BLOC

I had a conference with Mr. Nehru, in India, on the occasion of my visit to New Delhi. I found that during the war India had built up a credit of 700,000,000 or 800,000,000 pounds by selling to the British Empire; but money was scarce, and India took a credit. Now she is allowed to trade out annually about 10 percent, or between 70,000,000 and 80,000,000 pounds. Last year 15,000,000 pounds, or about \$60,000,000, was given to India in dollars—ECA dollars, if you please.

In my discussion with Mr. Nehru I pointed out that if the dollars were coming to India, if India were entirely independent of the sterling bloc, she could deal with the United States, and that it might even be advantageous to write off what was owed to India by Great Britain, so as to get away from the influence of the sterling bloc and be able to trade wherever she wanted to trade. So with England owing India that much money—700 or 800 million pounds—it is to the interest of India, they believe, to keep the pound up to \$4.03, at that fictitious value, if they can get us to support the difference between a value of \$2.25 or \$2.40 and \$4.03, because if the pound were to go down to its real value, England's debt to India would be cut almost in half.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. In the article from the Christian Century of June 8, 1949, appears a sentence with which I wish to ask the Senator whether he agrees, in view of the statement he made a few moments ago about the change from our previous policy. The writer of the article says:

For one thing, the pact does mean much. It means the most momentous change in the foreign policy of the United States certainly since the promulgation of the Monroe Doctrine, possibly since the founding of the Republic.

Does the Senator from Nevada agree with that statement?

#### THE MONROE DOCTRINE

Mr. MALONE. I agree absolutely with it. But the Monroe Doctrine did not change our fundamental Constitution or Bill of Rights or any of our other fundamental procedures. The Monroe Doctrine was simply a pronouncement to let the empire-minded nations know what we would do.

That is what brought about the Monroe Doctrine. France, Spain, and other nations had colonies and had aspirations to take over other areas, and several of them had their interest centered on South America. It would have been easy for them to subdue one or more of the countries of South America at that time, and do the same with them as has been done with Indo-China, Batavia, and Indonesia, and the Malay States and then simply, through the means of empire preferential rates, make it impossible for those countries to sell their raw

materials anywhere except to the mother country, and require them to buy the processed articles from the mother country. That situation was rich in possibilities.

But Monroe or some of his advisers, sensing the danger, laid down the Monroe Doctrine, which states, in practical effect, that if any nation insisted on extending its system into the Western Hemisphere, that it would be considered dangerous to the peace and safety of the United States—which, of course, would mean war.

At the time, England agreed to that. Later England wanted the Monroe Doctrine lifted, but we would not lift it.

Of course, in some of the South American countries revolutions have been going on almost continuously since that time. However, unless we think our safety is threatened by some occurrence in South America, we pay little attention to what goes on there.

I say, as the senior Senator from Ohio [Mr. TAFT] said yesterday, that that policy could be extended. I have previously stated on this floor, in March 1948, that it could be extended to any area whose integrity we considered necessary to our peace and safety, and within that area the arrangement would work. That would be all the notice that Russia or any other country would need, namely, a notice that we would go to war when we considered our peace and safety to be threatened—but not necessarily, as under the treaty now before us, when the peace and safety of other countries were threatened. This treaty would change our entire procedure, to the extent that when another nation considered its peace and safety threatened, then automatically we would be at war, regardless of anything the Congress of the United States might do.

Mr. DONNELL. Mr. President, will the Senator yield for several other questions at this point?

Mr. MALONE. I am glad to yield.

Mr. DONNELL. The writer of the article in the *Christian Century*, from which I have been reading, makes this further statement—and I ask the Senator from Nevada whether he agrees with it?

and for still another—

The writer of the article is talking about different consideration of one kind or another—

If the pact should be adopted and then the promised military aid denied western Europe, the effect on our relations with the other nations in the alliance would be catastrophic.

Does the Senator from Nevada agree with that statement?

Mr. MALONE. I certainly do agree with that statement, because it has been stated time and time again—the President of the United States has said it, and the chairman of the Foreign Relations Committee has said it—that the next thing coming before the Congress of the United States will be a program for supplying arms and without doubt the 12 European nations have been given to understand that they will receive arms.

Of course, in view of all that has happened and all the information that has come to light in the last several months

from Europe and elsewhere, it is silly to say that such is not the case, because as some Senator pointed out on the floor of the Senate only last Thursday or Friday, the ink was scarcely dry on the Atlantic Pact before the representatives of each of the European countries signatory to the pact rushed in to see when arms would be forthcoming from us, and to what extent.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Does the Senator from Nevada recall that on the 5th day of April 1949, the day following the signing of the North Atlantic Treaty at the impressive ceremony here in Washington, the five powers participating in the Brussels Pact, all of which also are signatory to the North Atlantic Treaty, presented a note to the United States Government; and does the Senator also recall that on the same day, April 5, on a matter of the most momentous consequence involved in that note, according to the *New York Times* of April 9, 1949, the United States made this reply—and I ask the Senator whether he observes it in the excerpt from the *New York Times* which I now hold in my hand, referring to this one paragraph:

The executive branch of the United States Government is prepared to recommend—

This was the day after the signing of the treaty—

to the United States Congress that the United States provide military assistance to countries signatory to the Brussels Treaty, in order to assist them to meet the matériel requirements of their defense program. Such assistance would be extended in recognition of the principle of self-help and mutual aid contained in the Atlantic Pact, under which pact members will extend to each other such reciprocal assistance as each country can reasonably be expected to contribute, consistent with its geographic location and resources, and in the form in which each can most effectively furnish such assistance.

Does the Senator from Nevada know of that historic incident, occurring on the very day after the day when the treaty was signed here in Washington, on April 4?

Mr. MALONE. I had not been aware of that particular occurrence; but it fits in very well with all the other happenings which I have outlined today and which the senior Senator from Ohio outlined on Monday, and to which the Senators who spoke last week referred.

Mr. DONNELL. Mr. President, I ask unanimous consent, if I may do so with the consent of the Senator from Nevada, that there be printed in the *Record* at the conclusion of the remarks of the Senator from Nevada the article from the *New York Times* of April 9, 1949, entitled "Texts of Statements of United States Aid," which contains Secretary Acheson's statement, the Brussels powers' note of April 4, 1949, and the United States reply of April 5, 1949.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. MALONE. In further answer to the distinguished Senator from Missouri I should like to say at this time that in

the humble opinion of the junior Senator from Nevada, that it was known, the State Department and the nations of Europe knew of the meaning of the pact we were going to make, and they knew they were going to ask for arms on the occasion and on the date of submission of the Vandenberg resolutions to the Senate last year.

Mr. DONNELL. Mr. President, will the Senator yield for another question?

Mr. MALONE. I yield.

Mr. DONNELL. In a matter of this tremendous consequence, involving a note from the Brussels powers, the statement of the Secretary of State, the United States reply, although those documents are dated—that is, the Brussels powers note—April 5, and the United States reply, the same date, does not the Senator agree with me that it is inconceivable that all this carefully worded statement, a portion of which I have read, was formulated without prior thought and prior consideration on the part of the respective powers, five of whom, in the Brussels agreement, are members of the North Atlantic Treaty, and the sixth of which powers, namely, the United States, is also a signatory? Does the Senator not consider that obviously there must have been prior diplomatic negotiation on this important and vital matter?

Mr. MALONE. I would say to the Senator from Missouri that in his profession, that of an attorney, it would be called collusion, I believe.

Mr. DONNELL. Mr. President, will the Senator yield for a further question at this point?

Mr. MALONE. I am glad to yield.

Mr. DONNELL. I should like to ask the Senator what his comment is with respect to the following paragraph from the United States reply, set forth in the article I have introduced, dated April 9, the day after the North Atlantic Pact was signed:

The United States Government will accordingly appreciate receiving as soon as possible the detailed statements of the specific needs of the signatories of the Brussels Treaty for the year 1949-50 as proposed in paragraph (6) of the request from the Brussels Treaty powers.

What comment does the Senator have to make on that, as to whether or not it indicates a prior carefully worked out plan, prior to the execution of the North Atlantic Treaty?

Mr. MALONE. If the distinguished Senator from Missouri will remember, I outlined early in my address, five major policies of the United States Government, as enunciated by the State Department and the executive of this Government, which in my opinion all dovetail perfectly, and must all have been thought out ahead of time. In other words, there is simply fed to the American people, through the Congress of the United States, piecemeal, under subterfuge the idea that each in its own right is a great national emergency. I will name them again. I named the North Atlantic Pact first, although it has been the last to come before the Senate, and which is under consideration today. It changes the entire policy, and it could



change the course of history so far as the United States is concerned.

Then, we have the three-part free-trade policy under which, as Senators know, we make up the trade-balance deficits of the nations of Europe in cash each year, we call it by various names—the Marshall plan, ECA, and European relief.

Then, we have the 1934 Trade Agreements Act, under which the State Department has adopted a selective free-trade policy, on the theory that the more we divide the markets of the United States among the nations of the world, the less their trade-balance deficits will be.

We then come to the International Trade Organization, which is before the Senate and the House. They first intended to make it a treaty. But, after the three programs were tied together inseparably, there were not enough votes to pass it as a treaty. I hope there are not enough votes to pass it at all. The International Trade Organization comprises 58 nations, with 58 votes.

We then come to the great, bold, new program. The Senator from Missouri I presume is fully aware of the great, bold, new program by which we guarantee the investments of American businessmen, processors, and manufacturers who go into foreign nations, to Europe, Asia, and Africa, to establish manufacturing and processing industries, to furnish the foreign markets and also to utilize the cheap labor to ship goods into the United States to displace the American workingmen. The argument was built up at great length, here, when the Marshall plan first came before the Senate, of the vast markets which were going to be supplied the American businessman and the American workingman. Not only would we furnish those markets now through such guarantees, I may say to the distinguished Senator from Missouri, but, through the free trade, the lowering of the import fees and tariffs in this country we will utilize the 50-cent to \$2.50-per-day labor to displace the American workingman and industries in this country.

Those are the five things. All of them were carefully thought out, in my humble opinion, by the group who knew, and who know now, where this country is headed, if the Congress, including the Senate, continues on its path in adopting these proposals without question. They are European and Asiatic plans. They are coming from abroad. They are not coming from the United States. They are in my opinion embodiments of the Marxist doctrine. Karl Marx said, 101 years ago—it was I think in January 1848—that he was for free trade, because it will bring on, it will hasten, the revolution; it will set class against class, nation against nation; and he was for that. Today, 101 years later, we seem to have adopted that policy.

I say to the distinguished Senator from Missouri, this is a carefully thought-out plan. It is not one emergency after another, each complete in itself. These are all interconnected. The fallacious argument on the floor of the Senate and other places now, that this particular treaty now before the

Senate does not include arms, to me is reminiscent of Alice in Wonderland. It reminds me of Aesop's Fables. If anyone can believe that, he can believe anything.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. I will ask the Senator whether or not this recital conveys to his mind any impression as to whether there had been prior consultation and prior agreement immediately before the signing of the pact on April 4? Does that idea impress the Senator as being correct, from this language, at the opening of this article from the New York Times which I have introduced into the RECORD:

Following are the texts of a statement by Secretary of State Acheson on the need for United States military assistance to eight western European countries, of the requests by the Brussels treaty powers (Britain, France, Belgium, the Netherlands, and Luxemburg) for military aid, and of the reply of the United States. (The texts of such requests from Denmark, Norway, and Italy, and the United States replies, were similar to those pertaining to the Brussels powers.)

Does that strike the Senator as indicating at all that there had been some prior extensive careful negotiations on the subject of arms, which for some reason was not released, in the case at least of the Brussels powers notes, and, I assume, likewise the other three countries, until the day after the treaty was signed? Does that indicate any connection between military aid and the treaty in the Senator's mind?

Mr. MALONE. I would say in answer to the Senator from Missouri, it not only indicates, together with other evidence, conclusively that there was collusion in the whole matter, but, as I have previously said to the Senator, the entire five major policies and programs of the administration are connected. They all head in one direction, and that is to bring the United States to lower its living standard to the level of that of the rest of the world, and through the free-trade idea dividing its markets, its source of income, and through the tremendous appropriations wreck the economic structure of this Nation. We simply cannot carry out our objectives, with each one of the 12 nations that have signed the North Atlantic Pact, and the 16 ECA nations at loggerheads, all at each other's throats, all defending themselves economically and physically among themselves, trying at all times to defend their possessions, even beyond the seas in many cases, on other continents, in order to make a living out of farming these nations, just as a man expects to make a living by farming in Kansas or Nevada, expecting an income and getting an income continually. The only way that can be done, I may say further to the distinguished Senator from Missouri, is by continuing two things—in the colonial nations—first, slave labor, indentured labor, if you please, in these nations. And second the cartel system forcing this Nation to pay a high price

for the things we must purchase from them. It is as bad as the Russian labor system. I would say to the distinguished Senator, further, it is very evident what is intended to be done.

If the Senator from Missouri will permit me, I should like at this time to ask unanimous consent to have included in the RECORD a dispatch from London to the Wall Street Journal by George V. Ormsby, under the following headline: "More United States stock piling, British import cut proposed as short-term aids to Britain."

CLOSE OUR OWN MINES—BUY FROM EUROPE TO FURNISH DOLLARS

In other words, we are to close down our own mines, through the free-trade principle we have adopted during the past 14 years—and at least 60 percent of them are closed now—and now we are to replenish our stock piles through the British, Netherlands, and French mines, as well as the mines of other nations, so that they will have dollars. We do not seem to be very much worried about the American miner or producer of strategic minerals and metals in this country, or his shortage of dollars. Talk about austerity—they know what austerity means in some of the areas in this country. At this time 60 percent of the people of the United States are not getting along well. They are having a tough time keeping their children in school and paying taxes, while we go abroad to get our stock piles instead of going to our own mines, and the mines of South America, which could be defended in an emergency—and where we would have a rounded-out hemispheric unit in case of war.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

MORE UNITED STATES STOCK PILING, BRITISH IMPORT CUT PROPOSED AS SHORT-TERM AIDS TO BRITAIN—MULTILATERAL WORLD TRADE SET AS LONG-TERM OBJECTIVE IN SNYDER-CRIPPS TALKS

(By George V. Ormsby)

LONDON.—Short-term remedies and a long-term objective for balancing the foreign exchange payments of the dollar and sterling areas emerged from a conference of top officials of three nations here.

After the talks ended yesterday among Sir Stafford Cripps, British Chancellor of the Exchequer, John W. Snyder, Secretary of the United States Treasury, and Douglas C. Abbott, Canadian Finance Minister, the British Treasury issued a cautiously worded communiqué on their outcome.

For the short term, "no suggestion was made that sterling be devalued," the communiqué said.

Immediate remedies, the British are believed to have told the United States and Canada, must concentrate on British proposals to cut dollar imports in order to check the drain on dollar and gold reserves of the sterling area. Last week Britain announced it had put into effect a standstill on all but essential buying from the dollar area and then it asked its colonial governments to do likewise.

It is also believed that Britain at the talks asked the United States to expedite buying for its stock pile, in order to help relieve the dollar crisis in the sterling area.

The communiqué recognized that such remedies are only stopgaps and that the sterling-dollar imbalance is "of a profound and long-term character." It said that "remedies other than financial assistance

such as that provided by the United States and Canada must be explored."

#### HIGH EMPLOYMENT STRESSED

The British contention that the present difficulties of the sterling area are largely due to the United States business recession is paid deference in the communiqué in the following words:

"Particular stress was laid on the necessity of finding solutions which would maintain high levels of employment and enable world trade and international payments to develop on a multilateral basis."

The three officials lunched yesterday with Prime Minister Clement R. Attlee at Chequers, his country residence, for final discussion of their views before publication of the communiqué.

Afterward, Mr. Snyder flew to Brussels, Belgium, continuing his tour of United States Treasury offices in nine European countries.

At the airport before he left, the Treasury Secretary told reporters that the talks served a very useful purpose. He said he'd prefer to let the British Government explain what the communiqué called supplementary measures, which might be taken to ease the crisis.

Mr. Snyder said that he and Mr. Abbott had listened sympathetically to Sir Stafford and laid the ground work for further studies of a technical nature both here and in Washington.

United States stock-pile inventories are getting low in rubber, tin, and other raw materials imported from the British Empire, Mr. Snyder commented. "But I am in no position to say that the United States will resume purchases," he added.

Mr. Snyder wouldn't admit that the United States recession is anything more than a healthy adjustment.

The communiqué gave recognition to the American view that British costs of production are too high to allow British goods to compete effectively in world markets.

As a long-term objective, it said, the parties concerned must be prepared to review their policies with the object of achieving a pattern of world trade in which the dollar and nondollar countries can operate together within one single multilateral system.

The communiqué said the talks reaffirmed that the objectives of all three governments remained those which are set out in the articles of agreement of the International Monetary Fund and the Habana Charter for an international trade organization.

The next step will be technical and fact-finding discussions between the three governments in preparation for further conferences between the three finance ministers. It is hoped to hold these in Washington early in September.

Sir Stafford will attend these talks personally and by then he will be armed with the views of the Commonwealth finance ministers who meet here this week. Thus he will be able to speak for the whole sterling area.

#### NO INTERFERENCE APPARENT

Throughout the discussions just ended here, care was taken not to give any appearance of interference in the domestic policies of one country by another, although it is evident that domestic economic policies must have considerable bearing on the solution of the dollar-sterling problem.

For instance, the British insistence on "full employment at all costs may make it difficult for Britain to compete in world markets.

On the other hand, Britain complains that such United States policies as excessive use of synthetic rubber and subsidized shipping make it difficult for Britain to enter United States markets on equal terms.

So far the discussions don't seem to have done more than clear the air on both sides and lay the groundwork for the Washington talks.

This week's debate in the House of Commons should show whether Sir Stafford is prepared to set his domestic house in order by cutting taxes and government spending.

But there doesn't seem to be much hope for such recognition of the facts of life by the Labor government, which is wedded to the welfare state at all costs and hopes that other nations will follow suit.

#### AUSTRALIAN BUDGET BALANCED

CANBERRA, AUSTRALIA.—Prime Minister Joseph B. Chifley said Australia is in good financial shape to face any possible world economic decline.

For the second year since the end of the war, he declared in a radio broadcast, the Australian Government has a balanced budget.

Mr. Chifley said the fifth reduction in direct taxation since the war went into effect this month and declared the Government had substantial reserves against future commitment.

World economic conditions, he added, had favored Australia for several years. But, he continued, the grave economic conditions facing Britain and the commonwealth were "disturbing signs in future outlook."

Mr. Chifley said the downturn in American business activity was already having adverse effects in other countries. A depression in the United States would be a "calamity" for the world he concluded.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. DONNELL. I ask the distinguished Senator whether, in view of all he has heard recited, among other things, the fact that in the requests of the Brussels powers' note of April 5, 1949, there appears this sentence:

In the event of a favorable reply in relation to the above requests, a detailed statement of the specific needs of the signatories of the Brussels Treaty for the year 1949-50 will be transmitted to the United States Government at the earliest possible date—

Or this from the startlingly quick United States reply:

The United States Government will accordingly appreciate receiving as soon as possible the detailed statement of the specific needs of the signatories of the Brussels Treaty for the year 1949-50 as proposed in paragraph (6) of the request from the Brussels Treaty powers—

Does the Senator, in view of that circumstance and others, agree with this further observation of a writer in the Christian Century:

Once the pact is ratified the administration and fighting forces will generate greater moral and political pressure for passage of the arms appropriation than they have generated for the pact itself.

What is the Senator's opinion with respect to the correctness and soundness of that statement in the Christian Century?

Mr. MALONE. Mr. President, I have no doubt of the correctness of the statement. It is simply more evidence piling up. It is evidence that I had not myself seen up to this time, but the evidence is already preponderant, and this is simply more evidence.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I yield.

Mr. DONNELL. The Senator has referred to the fact that the Monroe Doc-

trine is unilateral; in other words, that we make agreements on our side, and it is not a contract. Is that the meaning of it?

Mr. MALONE. That is the meaning of it. In other words, we retain to ourselves the decision as to when our ultimate peace and safety are threatened.

Mr. DONNELL. It was promulgated by the President and is not a contractual relation with any other nation. Is that the fact?

Mr. MALONE. That is true.

Mr. DONNELL. Does the Senator agree with the observation made by the late Charles Evans Hughes, in an address, which I will say, as a matter of interest at least to me, that I heard him make in 1923 at a meeting of the American Bar Association, in the course of which he said in relation to the Monroe Doctrine:

As the policy embodied in the Monroe Doctrine is distinctively the policy of the United States, the Government of the United States reserves to itself its definition, interpretation, and application. The Government has welcomed the recognition by other governments of the fact and soundness of this policy and of the appropriateness of its application from time to time. Great powers have signified their acquiescence in it. But the United States has not been disposed to enter into engagements which would have the effect of submitting to any other power or to any concert of powers the determination either of the occasions upon which the principles of the Monroe Doctrine shall be invoked or of the measures that shall be taken in giving it effect. This Government has not been willing to make the doctrine or the regulation of its enforcement the subject of treaties with European powers; and, while the United States has been gratified at expressions on the part of other American States of their accord with our Government in its declarations with respect to their independence and at their determination to maintain it, this Government in asserting and pursuing its policy has commonly avoided concerted action to maintain the doctrine, even with the American republics. As President Wilson observed: "The Monroe Doctrine was proclaimed by the United States on her own authority. It always has been maintained and always will be maintained upon her own responsibility."

Does the Senator agree with the historic correctness of what the Honorable Charles Evans Hughes stated in that notable address?

Mr. MALONE. I will say that it is much better said than the junior Senator from Nevada has outlined it, but it simply confirms, with additional evidence, that we did, under that policy, retain our own autonomy. That is to say, we ourselves decided in each instance whether our ultimate peace and safety were threatened, and, further, we have had a policy for 173 years that we shall go to war only when we ourselves conclude that our ultimate peace and safety are threatened, while, under this other arrangement, we have, for the first time, as I have previously stated, in effect amended the Constitution of the United States so that we will now go to war whenever not only our own safety is threatened, but whenever some other nation member of the pact determines that its peace and safety are threatened.

Mr. DONNELL. Mr. President, will the Senator yield further?



Mr. MALONE. I yield.

Mr. DONNELL. I ask the Senator whether he agrees with this further observation of the Honorable Charles Evans Hughes, immediately following what I have just read:

This implies neither suspicion nor estrangement. It simply means that the United States is asserting a separate national right of self-defense, and that in the exercise of this right it must have an unhampered discretion.

Mr. MALONE. I will say to the distinguished Senator that absolutely we must retain it; otherwise, how would we know what is in the minds of France or England, or any other member of the pact, when they are admittedly on the verge of turning Socialist or Communist? France has been on the verge, and other nations have been very close to the brink. Suppose they should turn, and claim that through some fancied attack their peace and safety were threatened—and it might be threatened through a change of government—then in any case we would have no alternative.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. MALONE. I am very happy to yield.

Mr. BALDWIN. May I preface my question by saying that it seemed to me that this was an appropriate place to ask this question, when the statement of the Honorable Charles Evans Hughes was read from his speech delivered before the American Bar Association in 1923? Does the Senator recall that 1923, when that speech was delivered, was 4 years before Charles A. Lindbergh flew across the Atlantic Ocean? The Senator recalls that, does he not?

Mr. MALONE. I recall every detail of it and, in my humble opinion, that event did not change the necessity for us to control our autonomy—to make our own decision as to when our ultimate peace and safety is threatened—in a world of rival nations.

Mr. BALDWIN. That suggests what my next question was to be. Does the Senator believe that the foreign policy of the United States should remain static, and should be continually cast in the light of conditions as they existed in 1923 and prior thereto?

Mr. MALONE. Of course, I do not believe we should remain static at all, but we certainly should not trust our future decisions to a group of nations, each a rival of the other, until such time as they have worked out their own future through a United States of Europe, along the lines of a federation of states. There is no cooperation at this time among themselves and where there is nothing but antagonism and economic competition and actual physical fighting a part of the time, then we have no control whatever, and would have no assurance of what they would do in any emergency.

I am sorry the Senator was not in the Chamber when I covered that very subject. I stated unequivocally that I believed it was necessary to quit following the lead of Europe, of Great Britain and other nations which have ulterior motives, and that do not have the same objectives as we have. Let the European

nations get together and form a United States of Europe.

Mr. BALDWIN. The Senator does believe, then, that we should attempt to formulate our foreign policy in this day and age in the light of modern conditions and circumstances?

Mr. MALONE. In the light of modern weapons, in the light of modern methods of defense and offense, not in the light the Senator is insinuating, tying up with nations 3,000 miles away, with no cooperation among themselves and with no definite objectives.

Mr. BALDWIN. The Monroe Doctrine was promulgated at a time when there was no such thing as flying the ocean and no such thing as crossing it in the period of 4 or 5 days by steamship. It was formulated at a time when we felt that distance, plus our own initiative and ability, might very well provide an adequate defense when it was necessary. Is not that correct?

Mr. MALONE. It does not follow that because we fly the ocean now instead of going by ship that we must change the fundamental policies, and that we should tie up to a nation or nations about whose policies we have nothing to do and over which we have no control, and leave in their hands the decision as to when we should go to war, when their real objective is to defend their colonial possessions which is very different from our objectives.

The Senator was absent from the Chamber when I said that I favored an ultimate world federation, to be governed by organic law, but that it is necessary first to bring about conditions under which such a federation could function.

I said further that we had it in our hands to bring about such a condition through an American policy which I suggested, but that we would ruin any future opportunity for such an organization if we forced it now.

Mr. BALDWIN. During the French and Indian war was there any decision on the part of any of the Colonies, as the United States then were, a separate set of Colonies, that we would become involved in a war that was going on between Great Britain and France?

Mr. MALONE. Is the Senator's question whether we would go into war when our peace and safety were not threatened?

Mr. BALDWIN. During the French and Indian war we became involved without any decision on our part whatsoever, did we not? Did we have any choice in the matter?

Mr. MALONE. Both the warring countries owned territory within our borders, and we practically ran them out.

Mr. BALDWIN. In the War of 1812, did we have a choice as to whether we should become involved in the war? Were we not drawn into it because of the resultant fighting in western Europe?

Mr. MALONE. We have never yet entered into a war unless we believed that our ultimate peace and safety, or our territory, would be threatened. We ourselves were involved with both France and England through territory and controlled areas in what is now the United States—when both France and England became involved—and both owned or

controlled areas in this country it was another condition entirely—with little or no resemblance to the present relationship.

Mr. BALDWIN. Does the Senator think we could separate ourselves entirely and completely from all relationships with other nations of the world?

Mr. MALONE. I have made no attempt to advocate such a thing. I have said that our present policies and programs under present conditions will only involve us and wreck our economic system without reaching our announced objectives.

Mr. BALDWIN. Does the Senator believe we could do it?

Mr. MALONE. That is an academic question. No one has suggested it.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. KEM. The Senator from Connecticut has made the point that our foreign policy should be subject to change from time to time in view of different conditions in the world. I should like to ask the Senator from Nevada if he believes that in view of that suggestion, our foreign policy should be put in a strait-jacket for 20 years, under an agreement of the kind before us?

Mr. MALONE. Of course it is a ridiculous thing to do. We will be traveling as much faster 20 years from now as we are now traveling—as the progress made in that field since the date of the Monroe Doctrine—we cannot enter safely into such pacts under present conditions in these countries, as I have already outlined.

Mr. KEM. In the opinion of the Senator from Nevada is it consistent with the line of thought of the Senator from Connecticut to suggest that the foreign policy of the United States should be put in a strait-jacket for the term of 20 years?

Mr. MALONE. I think that is exactly what the pact does. It not only puts us in a strait-jacket but it allows other nations, entirely removed, whose interests and ambitions are different than our own, to fix our policy.

Mr. KEM. Under the terms of the proposed pact are we not making a commitment to send forth young men, not yet born, to defend the territorial limits of countries which may not be willing to defend their own?

Mr. MALONE. In my humble opinion, on the date the Vandenberg resolutions were presented to the Senate, at that moment, this whole program was known in detail. It was fed to us piecemeal, because the American people will not take such a ridiculous proposition in one dose—and, then, in the humble opinion of the junior Senator from Nevada—not for long.

Mr. KEM. The point I had in mind was, are we not being asked to commit ourselves, at a time in the future, to do things which will call for the service and perhaps the sacrifice of young men who have not yet even arrived on the scene as mere infants?

Mr. MALONE. I already have said in my address that the Vandenberg resolutions, as Secretary of State Acheson has

also said, called for this treaty. In other words, it was based on the Vandenberg resolutions, according to Mr. Acheson. Then the pact itself calls for armament. No one doubts that. It is silly to attempt to refute such a statement. Then the arms will call for men to use them. I quoted Mr. Churchill's statement during World War II, when he said very dramatically, "Give us the tools and we will finish the job." So the Congress of the United States passed the lend-lease law. Then, almost immediately, our allies called for troops to use the arms, and we finished up by furnishing from 70 to 75 percent of the men and women who fought in Europe and won the war.

Mr. KEM. Could the policy proposed now by any stretch of the imagination be called a flexible one, determined by conditions in the world from time to time?

Mr. MALONE. There is absolutely no flexibility about it. We are not tying ourselves up to one or two nations, we are tying ourselves to 12 nations, with the possibility of other nations coming in, whose ideas of government, whose ideas of conquest, whose ideas of colonial systems are all mixed up and intertwined in their own ambitions and programs, and have nothing to do with our objectives whatever. There is no question in my mind that the Senator from Missouri put his finger right on the sore spot when he asked if the colonial systems would be defended under this treaty, because, of course, they will be defended under the treaty. They have been defended under the Marshall plan with the money given under that, the ERP or ECA.

Mr. KEM. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. Ives in the chair). Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I am happy to yield.

Mr. KEM. Pursuing a little further the idea that we are to adapt ourselves and our foreign policy to changing conditions in the world, I will ask the Senator if there is any way under the proposed treaty, or pact, as it is called, for us to adapt ourselves to changed conditions in the political control of the signatory countries?

Mr. MALONE. It is the opinion of the junior Senator from Nevada that once we sign this Atlantic Pact, then we have committed ourselves irrevocably to all the other things that have gone before. In other words, they are feeling their way now. We have the Marshall plan, which is admitted by the Assistant Secretary of State to be temporary. We have had the 1934 trade agreements, which will come before this body soon for renewal for 3 years, upon which is based the free-trade policy to destroy our markets and ruin our workingmen. Then there is the International Trade Organization, which I hope and pray will never be seriously considered by this body, but which would be a permanent tie-up in a 58-nation body to which we would assign our right to fix tariffs and import fees, and they would meet once each year and divide what was left. That was a shot in the dark which has failed. I do not think it will come on the Senate floor. Surely no one will

have the temerity to bring anything like that up, if it is thoroughly understood. But this is another "permanent" thing. If it is approved by this body, we are set for a 20-year period.

I might say to the distinguished Senator from Missouri that there are two nonaggression pacts already entered into between Russia and France, and England and Russia, separately; the Russo-British Pact, I believe, was consummated in 1942, and the Russo-French Pact in 1944, both signed by Molotov in Russia, not in England or in France. Both were agreed to along the lines of the Atlantic Pact agreement; that is, that they will cooperate with Russia economically to promote recovery following the war, and agree not to form any alliance or in any way interfere with the pact that has already been signed with Russia. Now, if we ratify the North Atlantic Pact, and it becomes effective, those nations are on both sides.

Mr. KEM. Mr. President, will the Senator yield for another question?

Mr. MALONE. I am very happy to yield.

Mr. KEM. Does the Senator recall the recent public statement of Mr. Arthur Horner, the head of the powerful coal miners' union in Great Britain, to the effect that in the case of war between Great Britain and Russia no coal would be mined in Britain?

Mr. MALONE. I am perfectly aware of that statement, and also of the statement made by the present Premier of France that France should be neutral in any war between Soviet Russia and the United States of America.

If the Senator will permit me, I shall read a statement by Mr. Bevin and Mr. Wilson of England in that regard. I quoted them in March of 1948 in the debate on the initial Marshall plan. This is my language:

It was made very clear by Mr. Bevin and Mr. Wilson that they wanted to trade with Russia, that they wanted to remain neutral, that they wanted to be the bridgehead—

That was their exact language—that was the exact word they used—

between the Soviet Communist Government and the capitalistic Government of America. I think perhaps they are in a fair way of doing just that. Their interests are with Russia since they are primarily processors and manufacturers of goods as we are in this Nation, while Russia can furnish mainly the necessary raw materials.

I call further to the attention of the distinguished Senator from Missouri that Britain had at that time signed a trade treaty with Russia, which will be found in the CONGRESSIONAL RECORD at the same date as that from which I just read, under which Britain agreed to send to Russia 1,100 locomotives, 2,400 cars—they call them trucks, but we call them railroad cars, in this country—and all kinds of electrical equipment. Their agreement was made prior to the passage of the initial Marshall Act. Since that time, only a few days ago, a dispatch from London said that Russia and England had entered into a further agreement. I have already put into the RECORD a description of that secret pact, as they call it. The pact provided that Britain would take 1,000,000 bushels of

coarse grains from Russia for which Britain would furnish Russia machinery, tools, ball bearings, and, as the Senator from Ohio said yesterday, engines and equipment needed to subdue and consolidate their gains in Asia and in Europe. They are doing exactly the same thing they said they were going to do, only we did not believe it when Mr. Wilson and Mr. Bevin said they were going to do it. We evidently do not believe what we read and hear, even from authoritative sources.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. MALONE. I yield.

Mr. KEM. Does the Senator believe that that is perhaps what Mr. Clement Attlee, the Prime Minister of Great Britain had in mind when he said that economically Great Britain looks to Russia rather than to the United States?

Mr. MALONE. I have no doubt of it. Earlier in my address I said that we are trying to buy foreign trade, while the other nations are trying to finagle it through manipulations of currencies and embargoes and quotas, and so on. Then later in my address I said that people and nations buy only what they cannot conveniently produce for themselves. When they cannot conveniently produce it they buy it where they can secure the quality they want at the lowest cost. Russia is a natural for trade with England. She of course, is going to trade with Russia. She has been very frank about the matter right from the very beginning and said that was what she was going to do; and said so at a time when we were taking a holier-than-thou attitude, and telling the people that we would not, of course, sell anything to Russia which could be used in national defense. But we ship raw materials and the necessary funds to the 16 nations and they process the goods and send them behind the iron curtain—it is a manufacturing-in-transit rate.

Mr. KEM. Mr. President, will the Senator again yield?

Mr. MALONE. I yield.

Mr. KEM. I ask the Senator whether in his opinion the facts which he has just related do not put us on notice that conditions in our foreign affairs may change from time to time as the Senator from Nevada has so eloquently said?

Mr. MALONE. There can be no question, I will say to the distinguished Senator from Missouri, about that. They change while we are watching. In other words, nations find their economic plans have changed, and they trade where they can trade economically. Therefore, when we are trying to buy trade we are doing something which is impossible. It is like a man running a grocery store going across the street to buy a can of tomatoes from another grocer with the idea that he is making friends or is developing trade. The other man will simply think he is a fool; and he is. In other words, if we would accept the facts that trade will go into its natural channels, we would be wise. Anything that we must buy from foreign nations, including tin, copra, hemp, and other products which we secure in Asia, Africa, or from South America in our own hemisphere, we will always continue to buy from those areas



the products of which we cannot conveniently produce for ourselves.

Then, as other nations become industrialized, we can furnish them certain products. When it finally settles down, legitimate, natural trade is all we will ever get. That is all they will get.

Just so long as we continue to finance bankrupt socialized nations, with each little nation maintaining its barriers, each little nation antagonistic to its neighbor economically, if in no other way for the moment, just so long will we be pouring our money down the well-known rat hole. The system must fail, as it has failed throughout the time that we have been laboring with this problem.

Mr. President, at this time I should like to read into the RECORD an article written by Mr. Drew Pearson and published in a recent issue of the Washington Post. Mr. Pearson says:

Here are some things to remember about the British monetary maneuverings which amiable Secretary of the Treasury John Snyder is trying to straighten out. The story goes back to war days, but can be summarized chapter by chapter.

Chapter 1—Bretton Woods: At the Bretton Woods Monetary Conference in 1944, Lord Beaverbrook and Winston Churchill argued that Britain could not go back to normal free-trade relations after the war, that Britain must live by its wits, would have to put across the same cut-throat barter agreements such as negotiated by Hitler (and as now signed with Argentina).

Roosevelt and Morgenthau urged that there was not much use defeating Hitler if the Allies were to adopt his methods afterward, and the British finally came around to the idea of letting trade take its normal channels—provided they got a loan from the United States of America.

They got such a loan, Mr. President, and agreed to let trade take its course, which they did not do. Later they were released from that obligation when they agreed, in connection with the British loan of \$3,750,000,000, to make arrangements to trade among their neighbors without such restrictions.

Chapter 2—British loan: In 1946, Britain got a postwar \$3,750,000,000 loan from the United States of America. This was officially considered a loan, and statements made by this column that it was actually a grant were denied. However, it is now conceded that the "loan" is pretty much forgotten, will never be repaid.

One condition of the loan was that Britain would abandon her "sterling-dollar pool."

That is the pool which I described a while ago, containing 56 or 57 nations or entities, reaching around the world and controlling one-fourth of the population of the world. It is a controlling factor in the economics of the military area of the United States.

This was an arrangement, necessary during the war, by which British colonies and dominions sent their dollars to London, and were then permitted to spend only such dollars as London dictated.

They cannot do it now unless London so decrees. There are about 57 such nations in the bloc.

In other words, all dollar purchases in the British Empire were rationed by London. Australia, for instance, could not buy from the United States of America unless London so decreed.

Chapter 3—The Marshall plan: After abolishing the sterling-dollar pool for a short

time as per agreement, the British went back to it again in 1947. This was shortly before the Marshall plan and at a time when the British once again were appealing for financial help. If they got help, the British promised, they would again abolish the sterling-dollar pool.

Accordingly the Marshall plan was worked out, and under it Britain received the largest grant of all countries. Adding up the Marshall plan, the loan, and other aid, the United States has now poured an average of \$1,000,000,000 a year into Britain since the end of the war.

Chapter 4—The current crisis: Despite the Marshall plan and the British loan, plus other interim relief, the British are still just as badly off. This also goes for many other western European countries.

As a result, Sir Stafford Cripps now threatens to do what Britain promised not to do under the loan agreement—once again restore the sterling-dollar pool. In fact, he has already abolished further purchases from the United States of America.

What all this boils down to is that the Marshall plan, at the height of its operation, is not really working, despite the fact that the plan has been administered with great speed and a reasonable degree of efficiency.

Facts in the case: In Congress, they blame the British crisis on the Labor Government and socialism. This ignores the fact that other western European countries are likewise badly off, also that Britain has made more heroic economies than most.

It also ignores the fundamental trouble with England as with western Europe generally, namely, that it is eating more than it is producing; that it has too high a standard of living for its wealth; and that it expects us to pension it off.

I call it making up the trade-balance deficits in 16 nations each year in cash, which amounts to the same thing.

This is a crude way of putting it, but it might be cheaper in the long run for us to take over England, as a son takes an aged parent under his own roof.

The British once were affluent because they were milking Asiatic colonies. Millions of people in those colonies lived just above the starvation level, while the British Empire wore ermine.

I digress for a moment to say that they are still living just above the starvation level—that is, those who survived. A great many of them died and are dying at this moment.

Another basic fact ignored in the western European situation is that you can't keep on increasing labor pay unless labor produces, and labor costs are rising in England and France with no commensurate rise in production. So we make up the difference by pumping Marshall plan money into Europe every year.

That is, making up trade balance deficits.

Result: Today American and Canadian manufactured goods can outsell British goods almost any place. Our labor produces more; our methods of manufacture are more modern.

Snyder's remedy: Amiable John Snyder would remedy all this by devaluing the pound. This is only another way of reducing wages and profits. When you can't compete with another country's goods, you have to cut costs by cutting both wages and profits.

Politically, cutting wages is difficult. So devaluing the pound accomplishes the same thing less painfully without letting British labor know it. In the end, of course, British labor has to foot part of the bill, because the pound buys less and labor's income is reduced.

This is why Sir Stafford Cripps is so opposed to devaluing the pound.

This is a very sound and discriminating outline by Mr. Pearson—and it is the very conditions outlined by him which I have said we cannot make work out by continually pouring our wealth into it—they must first organize properly.

Mr. CAIN. Mr. President, will the Senator yield for a question?

Mr. MALONE. I yield.

Mr. CAIN. If the ratification of the treaty results in the acceptance and continuance of commitments by the United States, as the Senator from Nevada conclusively believes, according to his statements, will the Senator from Nevada give us his opinion as to what commitments of comparable character are accepted by the other parties to the treaty?

Mr. MALONE. I am not sure that I fully understand the purport of the Senator's question. Does the Senator mean what promises or commitments the European nations give us?

Mr. CAIN. Exactly. The Senator has given some of us the impression that in his opinion the treaty is a one-way street, and that all the commitments are by the United States, to help other nations which are parties to the treaty. A good many of us would like to know whether or not other nations party to the treaty accept some firm commitments in their own names.

Mr. MALONE. I will say to the distinguished Senator from Washington that on paper they do accept commitments. On paper England and France have already accepted similar commitments with respect to Russia. They had a nonaggression pact with Russia, which provided, in effect, that they would not enter any alliance against any other member of the pact—and there were only two members. They also say that they will give all economic assistance possible to the other member of this pact in each case. Both England and France—especially England—are fulfilling that nonaggression pact to the letter.

They are giving Russia all economic assistance possible. They have just completed a secret pact which is not available to the Senate, under which they are to purchase more than 1,000,000 bushels of grain each year, among other things, and furnish, according to the dispatch, the machinery which Russia needs, including road machinery, tool steel, and various other types of machinery needed to complete the subjugation of China and the consolidation of Russia's gains in Asia and on her way south through the South Seas. No one doubts that she is on the way south, and that we shall have lost Asia just as soon as she wishes to take it, and that she will also consolidate the gains she has made behind the iron curtain, with the material and machinery furnished by the 16 ECA nations including England and France.

What Russia needs is fabricated and processed goods, machinery, tools, and various other articles which are not now manufactured in Russia in sufficient volume. Under the agreement, Russia furnishes Britain the raw materials with which Britain will manufacture those articles and return to Russia.

So, Mr. President, I should like to know what would be the judgment of the Senator from Washington as to what would happen if a crisis occurred since both England and France has signed up with both Russia and the United States.

Mr. CAIN. I am trying to determine an answer to that rather fundamental question.

Will the Senator yield for a further question?

Mr. MALONE. I am glad to yield.

Mr. CAIN. I am not familiar with the nonaggression pact signed between Great Britain and Russia; but am I to understand from what the Senator from Nevada has inferred that if Russia, for example, were to invade Norway, Great Britain would not act in accordance with the commitments presumably imposed upon her by the Atlantic Pact, and the United States would be required to assume the burden of stopping the aggressor in Norway, while Great Britain sat on the side lines?

Mr. MALONE. There again, Mr. President, the judgment of the Senator from Washington is just as good as mine. In that connection I should like to refer again to an address I made in March 1948, at about the time when I inserted in the CONGRESSIONAL RECORD the text of the trade treaty then made between Great Britain and Russia, which provided for 1,100 locomotives and various other articles presumably needed at that time, when I said—

Mr. CAIN. Mr. President, I should like to ask whether the Senator has before him any paragraphs from the nonaggression pact between Russia and Great Britain.

Mr. MALONE. Yes, and I shall read them in a moment.

Mr. CAIN. I shall be very glad to have the Senator do so.

Mr. MALONE. Last year I said that it was made very clear by Mr. Wilson and Mr. Bevin that they wanted to trade with Russia, and to remain neutral and be the "bridgehead"—that was the word that was used—between the Soviet Communist government and the capitalist government in America. I think they are now in a fair way to do just that, since Britain is primarily a processor of raw materials, as we are, whereas Russia can furnish the necessary raw materials.

It has been said many times—and the statement has been made here on the floor of the Senate—that England wants to trade in that way, and is doing so at the present time. Eighty-eight trade treaties have been made between the 16 ECA countries and the iron curtain countries and Russia. I had four of them printed in the CONGRESSIONAL RECORD of March 30, 1949. I had asked that all 44 of the trade treaties, which I was allowed by the State Department to keep in my possession, be printed, but I relented when the Public Printer explained that many of them were written in foreign languages and would be almost too difficult to print.

Let me point out here that not all those treaties were made available to me as a Member of the United States Senate. I was able to keep only 44 of them. Forty-one of them were restricted. Three of them were so secret

that I was only permitted to look at them while they were held in the hand of a State Department official. I was told that there may have been additional trade treaties about which the State Department did not know.

I could take the time to read from all four of those treaties which were published, but the language of all of them is almost exactly the same. They relate to ball bearings, high-grade steel, electrical equipment, machinery of all kinds—things which we emphatically denied we ever would allow Russia to get from us, so long as the cold war was going on. Of course, it is now a little difficult to determine just who is engaged in the cold war and what part we play, since England now has stopped trading with us, and even the money we give England is not now permitted to be used to purchase goods in America.

All those circumstances would be evidence in connection with determining the answer to the question the Senator from Washington has asked.

Mr. CAIN. Mr. President, if the Senator from Nevada will permit, let me say that what I am very anxious to determine, in connection with what the Senator from Nevada has been saying, is whether in the British-Russian nonaggression treaty there is anything of any character that would tend to cause Great Britain to hesitate to carry out all her obligations under the North Atlantic Treaty.

Mr. MALONE. As a preface to an answer to that question, I point out that I think the Senate should have time to acquaint the people of the country with the facts, and the people of the country should have some time to express their ideas, at least through the press. In that connection I shall read two paragraphs from the treaty which was signed by Anthony Eden, for England, and by V. Molotov, for Russia, dated May 26, 1942. It was signed in Russia.

Mr. DONNELL. Mr. President, will the Senator be kind enough to give us the page of the CONGRESSIONAL RECORD at which that treaty appears, if he has the page number before him?

Mr. MALONE. I am happy to yield, but I do not have before me the page number in the CONGRESSIONAL RECORD. The paper I have before me is a reprint from the CONGRESSIONAL RECORD, and the pages have been changed. However, this material will be found in the CONGRESSIONAL RECORD for either March 30, March 31, April 1, April 4, or April 6 of this year. The discussion covered that period.

In article 6, the first paragraph reads:

The high contracting parties agree to render one another all possible economic assistance after the war.

In other words, England and Russia have agreed to do that and are now busily engaged in carrying out the provisions to that pact.

After the very eloquent address given by the senior Senator from Michigan [Mr. VANDENBERG], who is the ranking minority member of the Foreign Relations Committee, we assume that everyone knows, as he said specifically, that it is on account of Soviet Russia that this treaty is necessary. So I assume

that there is no doubt that the North Atlantic Pact is directed against Soviet Russia.

Is there any doubt in the mind of the junior Senator from Washington that it is directed against Soviet Russia?

Mr. CAIN. I would rather take the position that the pact is directed against anyone who would assume to be an aggressor against the North Atlantic community.

Mr. MALONE. I am sure the Senator from Washington remembers that the senior Senator from Michigan [Mr. VANDENBERG] mentioned Soviet Russia as being directly responsible for this pact, and as constituting the necessity for it.

Mr. CAIN. I remember that, but I was giving my own answer to the question.

Mr. MALONE. Yes.

Article 7 of England's pact with Russia states, in unequivocal language, that each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

Would the Senator from Washington accept that as a guaranty that England would not join anything which was directed toward the Soviet Union?

Mr. CAIN. I am not presently qualified to answer the question the Senator has just posed. There appears to me to be, in terms of words, a contradiction. I hope to sit here long enough to have that contradiction reconciled by those who can provide the answer.

Mr. MALONE. While we are on that subject, let me say that the nonaggression pact between the French Republic and the U. S. S. R. was consummated on December 10, 1944, and was signed by authorization of the presidium of the supreme council of the U. S. S. R. It was signed by Molotov, for Russia, and by Bidault, for the French Government, also in Russia.

The paragraphs are not numbered exactly the same as those in the British-Russian nonaggression pact, but the wording is almost exactly the same.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. DONNELL. Will the Senator repeat the last portions from which he read? My attention was distracted for a moment, and I did not understand just what the Senator from Nevada read.

Mr. MALONE. Yes; I shall repeat it. I said that article 7 provides that each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party after the war.

Mr. President, from the evidence presented during the last week and during the argument on the floor of the Senate last year, I think all of us agree that since the war Russia and England certainly have rendered each other all the economic assistance of which they have been capable.

Article 7 says that each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party. To me that is conclusive that they will not, at least in good



faith they could not, conclude any alliance directed against any other contracting party.

To proceed to the French treaty which was signed by Bidault for France and by Molotov for Russia—

Mr. CAIN. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Washington?

Mr. MALONE. I am happy to yield.

Mr. CAIN. What is the expiration date of the British-Russian nonaggression pact?

Mr. MALONE. It runs for 20 years, the same as the North Atlantic Pact and was signed in 1942. Perhaps the same people could even have had something to do with arranging these pacts since the length of the pact and the method of escaping from its obligation at the end of the 20 years' duration are exactly the same. It requires, at the end of a 20-year period, 12 months' notice to separate any signatory nation from the pact. It is exactly the same in all three instances.

Mr. CAIN. Mr. President, if I may conclude, at this point, are we to assume, in view of what the Senator had read and in view of the provisions of the North Atlantic Treaty, that Great Britain's policy is to move for complete protection in both directions?

Mr. MALONE. If the Senator will permit me, I may say that there is little doubt that they are protected both ways. I recall also that the pact Great Britain has signed with Russia corresponds, I am told, in great detail, although I do not have the pact for reference, to a pact signed by Great Britain with Japan following World War I, which had a considerable amount of influence in Japan's spreading out over Asia. It gave Japan certain protection and cooperation and of course we sent the oil and scrap iron to the Pacific to help in arming Japan, as we are now arming Russia through intermediacy of the ECA nations, and we then sent our boys into the Pacific, the Senator from Washington among them, to catch that returning scrap iron with their bare hands, coming back out of Japanese guns.

Mr. JENNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. MALONE. I am happy to yield.

Mr. JENNER. I should like to ask a question of the distinguished Senator from Nevada. England has entered into the treaty to which the Senator has referred, the nonaggression pact with Russia, extending for 20 years. She entered into it, I believe the distinguished Senator said, in 1942.

Mr. MALONE. That is correct.

Mr. JENNER. And it is to run for 20 years; is it not?

Mr. MALONE. That is correct.

Mr. JENNER. We are now contemplating the ratification, in the Senate of the United States, of the North Atlantic Pact, which is a coalition which Great Britain agreed not to enter into when she entered into the Russian nonaggression pact, but which she is entering

into with the other 11 countries, including ourselves, and which lasts for 20 years; does it not?

Mr. MALONE. It lasts for 20 years.

Mr. JENNER. I should like to ask the distinguished Senator, if it is his idea that this type of diplomacy on the part of England might have been the inspiration for the song, There Will Always Be an England?

Mr. MALONE. I am unable to determine from the evidence contained in the nonaggression pact as to just what actuated the song, but I would say, since Great Britain has signed with both Russia and the United States, if they can make it stick, it looks as though they would be pretty safe.

Mr. JENNER. Would it be appropriate, I may ask the distinguished Senator, to add to the title of the song, so that it would read, There Will Always Be an England, as Long as America Finances It?

Mr. MALONE. I think it is a reasonable conclusion, with all due deference.

I outlined in the beginning of my address, the five-point program, including the North Atlantic Pact, and including the three-part free trade program, making four administration programs altogether, and then the fifth one, this bold new program under which the Government is to finance our own people to go abroad and serve the markets we were supposed to make available as legitimate markets for the goods produced by our own workmen through the Marshall-plan money. They will, under the program, ship the products of the low-cost foreign labor to the United States, products manufactured under the direction of our expert manufacturers and processors and with our up-to-date machinery.

I may say to the Senate of the United States that in my humble opinion when the Vandenberg resolution was presented to the Senate last year, the entire program was known to certain people, but certainly not to the Senate of the United States. Something of each part was held back, and given to the people of the United States and to the Senate of the United States, presumably in doses which they could logically swallow.

During my inspection of Asiatic countries, I often found diplomatic representatives, not ambassadors themselves, but men working in the embassies, honest boys who knew what was going on and knew where we were headed. I would say, "Why do we not name the nations? Why does not our armed services, in consultation with the President of the United States, determine the areas in Europe and Asia that are important to us? Why do we not name these nations and extend the Monroe Doctrine and the open-door policy to include such areas?" They replied, somewhat under their breath, "Would the American people stand for that now?" It irritated me so that I answered "I do not believe that is what the people of Nevada sent me to the Senate for, to determine what they already thought, with the evidence they had. I understood they sent to me to the Senate to listen to the evidence, to get all the additional evidence I could, to inspect as many countries as I could, and let them know

what information I obtained, and give them the benefit of my conclusions."

Mr. President, for the purpose of the debate, I ask that the Vandenberg resolution, which is of course readily available, be included in the RECORD at this point.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

[80th Cong., 2d sess.]

Senate Resolution 239

Resolution reaffirming the policy of the United States to achieve international peace and security through the United Nations and indicating certain objectives to be pursued

(On June 11, 1948, the Senate by a vote of 64 to 4 adopted the so-called Vandenberg resolution, or S. Res. 239. This resolution had been unanimously approved by the Senate Foreign Relations Committee on May 19.)

Whereas peace with justice and the defense of human rights and fundamental freedoms require international cooperation through more effective use of the United Nations: Therefore be it

Resolved, That the Senate reaffirm the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest, and that the President be advised of the sense of the Senate that this Government, by constitutional process, should particularly pursue the following objectives within the United Nations Charter:

1. Voluntary agreement agreement to remove the veto from all questions involving pacific settlements of international disputes and situations, and from the admission of new members.

2. Progressive development of regional and other collective arrangements for individual and collective self-defense in accordance with the purposes, principles, and provisions of the Charter.

3. Association of the United States, by constitutional process, with such regional and other collective arrangements as are based on continuous and effective self-help and mutual aid, and as affect its national security.

4. Contributing to the maintenance of peace by making clear its determination to exercise the right of individual or collective self-defense under article 51 should any armed attack occur affecting its national security.

5. Maximum efforts to obtain agreements to provide the United Nations with armed forces as provided by the Charter, and to obtain agreement among member nations upon universal regulation and reduction of armaments under adequate and dependable guaranty against violation.

6. If necessary, after adequate effort toward strengthening the United Nations, review of the Charter at an appropriate time by a General Conference called under article 109 or by the General Assembly.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. WHERRY. Mr. President, before the Senator gets away from the discussion of the nonaggression pact between Great Britain and Russia, is there a provision in the pact which would permit Great Britain to escape the obligations entered into in the event Great Britain became a party to the North Atlantic Pact?

Mr. MALONE. I would say to the distinguished Senator from Nebraska that if Russia thought Great Britain had violated her treaty with Russia by signing

the North Atlantic Pact, which she undoubtedly has, by the provisions of the agreement itself and by mutual agreement the pact could be abrogated.

Mr. WHERRY. That is what I am asking the Senator about. I am asking about the agreement.

Mr. MALONE. Perhaps by mutual consent they could escape, but the pact itself provides that at the end of 20 years, 12 months' notice is then required in order for one of the parties to separate itself from the pact. There is no provision prior to the termination of the 20 years.

Mr. WHERRY. I do not mean at the end of 20 years. I mean, is there anything in the nonaggression pact today which Great Britain has signed with Russia, which must be repudiated or violated if Great Britain signs the North Atlantic Pact as a signatory power? In other words, whose side is she going to be on? Can the Senator answer that question? If Great Britain signs the North Atlantic Pact, does she mean what she says? Does she repudiate what she has done in some other agreement, if she has made one?

Mr. WILEY. They are both nonaggression pacts.

Mr. WHERRY. Just a moment. I am asking, Is there any provision in the nonaggression pact with Russia that would foreclose Great Britain signing the North Atlantic Pact? If the Senator will give me that information, I should like to have it. If there is such provision, then I ask the Senator, in case of a violation, does Great Britain repudiate the nonaggression pact and come in on the side of the North Atlantic Pact or does she adhere to the nonaggression pact?

Mr. MALONE. If the Senator will allow me to answer his first question, this language occurs in article 7:

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting parties.

So, if we consider what was said by the distinguished Senator from Michigan [Mr. VANDENBERG] a member of the Senate Foreign Relations Committee, what was said by the chairman of the Foreign Relations Committee, and what was said by the President of the United States, that it is the action of Soviet Russia that brings about this pact, then I should say there is no doubt—at least there is no doubt in the mind of the junior Senator from Nevada—that it is a pact against Russia, and I would say that the language of the pact prohibits Britain from joining it.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. BALDWIN. The Senator will recall that some time ago the United States offered to Russia a pact in which we guaranteed Russia that we would be with the Russians in the event of a resurgence of Germany, that we would stand with them in that event. That pact was very definitely, by words and terms, directed against Germany. Does the Senator feel that there is anything in the North Atlantic Pact which says by word or term that the pact is directed against Soviet

Russia, in the same terms as was the pact directed against Germany?

Mr. MALONE. There is nothing in it that provides in so many words that it is specifically against Russia, but the weight of evidence, the word of every Senator on the floor with authority to speak for the Committee on Foreign Relations, is that it is directed against Russia.

Mr. BALDWIN. I concede to the Senator that that may be unfortunate, but I want to invite the Senator's attention to the fact that there is not one single word in the pact that says it is directed against Russia. There is nothing that says to the high contracting parties that in the event Soviet Russia attacks one of them, we will come to their aid against Soviet Russia. The only way this pact can be construed as being directed against the Soviet Union is if the Soviet Union itself chooses to make it that way; and it can do so by becoming an aggressor.

Mr. MALONE. That is true. As a matter of fact, is anyone simple enough to believe, after all of the evidence presented on the Senate floor, that the pact is not directed against Russia?

Mr. BALDWIN. My own humble opinion is that it is directed against an aggressor, whoever that might be. I am bound to concede that presently we may be fearful that it might be Russia, but the pact is not directed against Russia unless she, by her own act, wants it directed against her, and that would be by an act of aggression on her part.

Mr. MALONE. Does the Senator recall that the distinguished senior Senator from Michigan said it was directed against Russia?

Mr. BALDWIN. I do not recall that he said it in those terms.

Mr. MALONE. I do. Does the Senator recall the many statements by the distinguished senior Senator from Texas, chairman of the Foreign Relations Committee, in which he said that it is necessary for the peace of the world on account of the actions of Soviet Russia? Does the distinguished Senator remember that the President of the United States in his message said the same thing?

Mr. BALDWIN. That may very well be true; but the question of making a pact directed against a particular nation in terms is one thing. The making of a pact which would protect a group of nations against possible action on the part of another nation is, I think, entirely different. In other words, I think this proposal and the proposal we made to Russia with regard to Germany are two entirely different types of pacts.

Mr. MALONE. I will say to the distinguished Senator that we can camouflage it, and through subterfuge, we can defend it, but the fact remains that both England and France has signed nonaggression and economic cooperative pacts with both Russia and the United States.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. JENNER. Would there be any justification for this pact if it were not for the threat of Russian aggression?

Mr. MALONE. I will say to the distinguished Senator from Indiana that that is what the chairman of the Foreign Relations Committee said; and it was also stated by the senior Senator from Michigan [Mr. VANDENBERG] and the President of the United States. That is my authority for my statement.

Mr. JENNER. The Senator has brought up something which raises doubt in my mind. Let us assume that we have soldiers stationed in Germany; let us assume that Russia attacks our soldiers in Germany: I ask the Senator if the North Atlantic Pact would apply to Germany?

Mr. MALONE. I would naturally assume, without further analysis of the pact, that if Russia attacks our soldiers, all the nations which are signatories to the pact would rush to our rescue immediately.

Mr. JENNER. Is Germany in the pact?

Mr. MALONE. No; Germany is not in the pact.

Mr. JENNER. Then, if Russia should tomorrow attack our soldiers in the American zone in Germany, what would England do, in view of the fact that she has signed a 20-year nonaggression pact with Russia?

Mr. MALONE. I will say to the distinguished Senator from Indiana that the preponderance of the evidence points to a neutral England in the next war.

Mr. JENNER. I should like to ask a further question, in connection with the hypothetical question which has been brought up in connection with these pacts. Suppose that England, sometime during the next 20 years, should go communistic: Then what would happen?

Mr. MALONE. I would have to say to the distinguished Senator from Indiana that as far as I know there is no provision for us escaping from the pact before the expiration of the 20 years regardless of any eventuality.

Mr. JENNER. The distinguished Senator from Michigan said that in case it happened she would no longer be in the pact. But is there anything in the pact which provides that she would no longer be in the pact?

Mr. MALONE. I would say to the distinguished Senator that not only does it not say anything about it, but there is no provision for the United States to get out of the pact until the end of 20 years and then only with a 12 months' notice, just as the pacts between Russian and England, and Russia and France provide.

Mr. JENNER. And there is no provision for any other nation to get out of the pact under any other circumstances.

Mr. MALONE. There is no provision for any nation to escape from the pact, except in the regular manner.

Mr. JENNER. I should like to ask another question, if the Senator will yield further.

Mr. MALONE. I am happy to yield.

Mr. JENNER. The pact is a 20-year agreement. Twenty years ago we had not heard of Hitler or of Mussolini. Somewhere down the pathway of history in the next 20 years it is very conceivable that France might enter



into war with Italy. I ask the distinguished Senator what would happen to the North Atlantic Pact under those circumstances? On whose side would we be in that event?

Mr. MALONE. I could only say to the distinguished Senator from Indiana that that is one of the reasons, in my humble opinion, we should rely on the extension of the Monroe Doctrine and the open-door policy, because, as the distinguished Senator has so ably said, we do not know what is coming to pass, but we can serve notice to the world that there are certain areas which we consider important whose integrity we consider important to our ultimate safety. When we do that, we have served all the notice that is necessary, in my humble opinion, in view of the fact that we went to war on two occasions in the past few years. The Senator and I were in the First World War, as were other Senators, and some Senators were in the Second World War. The world would know, if we extended the Monroe Doctrine and the open-door policy, that when our safety is threatened we would go to war. That is all that is necessary, in the humble judgment of the junior Senator from Nevada.

Mr. President, following the insertion regarding the Vandenberg resolutions, I should like to quote an excerpt from what I stated at the time the debate on the Vandenberg resolutions was taking place on the floor of the Senate:

I have heard very little discussion as to whether or not it was a violation of the principles laid down in the Constitution of the United States under which the Senate is charged with checking independently any action, through treaties, of the President of the United States and the State Department. We are not supposed, at least until now we have not been supposed, to be a party to a treaty until all the evidence is known to the members of the committee and, after committee approval, full discussion and a two-thirds affirmative vote is had.

Mr. President, without quoting further from that debate, which was very clear at the time, I call attention to the fact that the Secretary of State, Mr. Acheson, has made it very plain that the North Atlantic Pact is a direct result of and is founded on the Vandenberg resolution, which I said at the time that would be the case.

Further in my address I think I made it clear that I considered that all the evidence pointed to the fact that we must send arms to make the pact effective, in other words, that the cart was before the horse. Those behind the pact wanted to send arms, and looked around for a vehicle in order to have an excuse for sending them, something which the American people would take. Then, when we do send the arms, all past experience, from the Churchill remark in the Second World War until now, indicates that American boys and girls will follow the arms.

Mr. President, I should like now to yield to the Senator from Louisiana.

Mr. LONG. Mr. President, the Senator quoted a passage from the mutual-assistance agreement between Russia and Great Britain, and I wondered if he would be kind enough to read that particular quotation.

Mr. MALONE. I shall be happy to. In article 6 of the pact signed, on the 26th of May 1942, in Russia, by Anthony Eden and V. Molotov, it is declared:

The high contracting parties agree to render one another all possible economic assistance after the war.

Article 7 says:

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

Mr. LONG. In that event, there would be only a conflict between that agreement and the North Atlantic Pact in the event it should be decided that Russia was the anticipated aggressor. Is that correct?

Mr. MALONE. I think that is true. Much time was devoted by the junior Senator from Nevada early this afternoon to summing up the evidence, and taking into consideration the fact that the President of the United States, the chairman of the Committee on Foreign Relations, the Senator from Texas [Mr. CONNALLY], and the senior Senator from Michigan [Mr. VANDENBERG], the ranking minority member of the committee, have all said that that is what has brought about the North Atlantic Pact, the weight of the evidence is that we here on the Senate floor are directing our efforts against Russia. Otherwise, why the pact?

Mr. LONG. In effect, the agreement between Russia and Britain would mean that if Russia were attacked by an aggressor nation, Great Britain would assist Russia in her defense. Is that the effect of the agreement?

Mr. MALONE. I do not know that I would go quite that far. I shall read it again:

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

I should say they certainly would not help us. It does not say they would join against the attacker of Russia.

Mr. LONG. Does the Senator feel that there is really necessarily any conflict, in view of the fact that Great Britain is not binding herself against Russia unless Russia should be the aggressor, invading the nations which are signing the North Atlantic Pact?

Mr. MALONE. I am sorry; the purport of the Senator's question I did not quite understand.

Mr. LONG. It would seem to the Senator from Louisiana that there is really no conflict between the Russian pact with Great Britain and the North Atlantic Pact, in view of the fact that there is really no agreement against Russia in the North Atlantic Pact unless Russia should be an aggressor, and should invade the North Atlantic area, which need not necessarily occur.

Mr. MALONE. The point of view is very interesting, but I would simply call attention to the fact that whoever is the aggressor—and who the aggressor is may often be forgotten after the fight starts—the parties do agree not to join any alliance directed against the other high contracting party. I should say

that is an agreement they would stay out of the fight, even if they did not help Russia.

Mr. President, I was diverted somewhat, and brought up the nonaggression pacts between Russia and Great Britain and between Russia and France a little out of order, but I shall continue.

#### FOREIGN TRADE

We are trying to buy foreign trade, the European nations are trying to finagle it through the manipulation of their currencies, empire preferential rates, quotas, embargoes, and many other dishonest devices, but we must finally face the fact. First, no one or no nation ever buys anything from anyone else that he can conveniently produce for himself; second, when he cannot conveniently produce it himself, then he buys the quality he wants where he can get it, at the lowest possible cost.

We—the United States of America—are the only exceptions—and when we step out of that role, Congress simply picks up the check with the taxpayers' money, which will obviously only work as long as we can squeeze it out of our taxpayers.

We have picked up the check for 15 years, through peace and war years, to the tune of nearly \$400,000,000,000, \$252,000,000,000 of which we still owe to the taxpayers of this country—and every citizen of the Nation is a taxpayer. Even if we have taken him off of the income-tax roll, he pays it through the bread he eats, the shoes he wears, and the clothes on his back.

We are familiar with all the trick ideas to "hop up" or interfere with legitimate foreign trade suggested by the Laskies, the Keyserlings, the Keynes, and others of their ilk.

All of their plans, however, like the great Get Rich Wallingford stories of old, involve our unsophisticated Uncle Sam paying over several billion dollars for some fancied advantage, before he can realize the fabulous wealth he is to reap from the cash investment.

Then, when our Uncle Sam gets uneasy about his money, another man meets him, explaining that something is temporarily delaying the profit from initial outlay, or the messenger was robbed, or something of the kind, but with another and larger payment everything will come out all right. So far this new man has been Sir Stafford Cripps, of England, acknowledged spokesman for the 16 ECA European nations.

So far we are falling for the same story. In other words, all we have to do is to put up the money, after Great Britain has signed the trade treaties with Russia, and after the making of the 88 trade treaties between the ECA nations and Russia and the countries behind the iron curtain following World War II. All we have to do is to pick up another check—to put up the money and then the bet will pay off.

#### TRADE

There have been three kinds of foreign trade practiced by certain European nations over the last couple of centuries:

First, Piracy on the high seas, when certain outlaw organizations simply went out on the ocean trade routes, fired

across the bows of a merchant vessel, or took whatever action was necessary, towed her to port, and confiscated the cargo, which was a very profitable undertaking for awhile.

Second, Empire preferential rates, by the empire-minded nations, fixing the export and import rates and conditions making it more profitable for the empire-dependent countries and entities to trade with the mother country than with any other nation.

These rates generally took the trend of forcing the sale of raw materials to the mother country, likewise making it more profitable for the dependent country to purchase the manufactured and processed goods from such mother country, and prevented, to a large extent, any manufacturing and processing of such raw materials in the dependent countries.

Third, The third and most recent method is through the 1934 Trade Agreements Act, named "reciprocal trade," by its proponents in order to sell free trade to the American people, and now there is this guaranty of the integrity of the Asiatic and African colonial systems, where the empire-minded nations produce the strategic and critical minerals and materials, which we must have, through the use of slave labor, and sell them to us for a high price, including the tin and the rubber and the other materials produced under the cartel systems.

#### THE EMPIRE PREFERENTIAL-RATE SYSTEM

The empire preferential-rates system is still in effect—but crumbling fast—and taken together with the selective free-trade policy adopted by the State Department based on the 1934 Trade Agreements Act is dishonest and still a form of piracy through manipulation of foreign currencies for trade advantage to be gained through the quota systems, embargoes, and other subterfuges.

For example, Canada and Australia, while remaining as a part of the British Commonwealth, have declared their economic independence perhaps to a greater degree than any other areas—still, however, retaining a part of the preferential system.

Now, the control necessary to the empire preferential-rates system is slipping fast. Other nations and entities under the influence of the system are straining at the yoke. They want their independence, or at least a greater part of their earnings from their own production.

#### THE DUTCH EAST INDIES

For example, the Dutch East Indies are straining for greater freedom. All of this has been in the news almost continuously since World War II.

The empire-minded nations expect an income from their colonies, just as one would expect an income from owning an office building or a farm in Kansas.

In Indonesia, for a further example, when natives sell a dollar's worth of tin, copra, hemp, or any product to the United States for a dollar they do not receive the American dollar. The dollar goes into the exchange pool controlled exclusively by the Dutch. The Indonesians are then paid the number of Indonesian guilders,

good only in Indonesia, which the Dutch currently say the dollar is worth.

When I was there on an inspection trip in November 1948 the current value fixed for the American dollar was 2.63 guilders. On the street one could get 14 of the Indonesian guilders for an American dollar. In other words, the Dutch gave the little Indonesian less than 20 percent of his dollar to start with, keeping more than 80 percent of his production for their own earnings from his labor.

Another example, it cost 190 guilders to travel from Batavia to Singapore on the Dutch air line, the KLM. No other air lines are allowed in Indonesia. The American air lines and the BOAC flying boats of the English, or other air lines are not allowed to operate in Indonesia. No doctors, engineers, or lawyers can come into Indonesia without a special permit to practice from the Dutch. So it requires 190 guilders to travel on the Dutch air line, KLM, from Batavia to Singapore. Figuring 14 guilders to the dollar, makes \$17. But figured on the basis of 2.63 guilders to the dollar, it is \$77. The extra money is pocketed by somebody, and it is not an American citizen and it is not an Indonesian. In keeping with this practice they give the little Indonesian less than 20 percent of his dollar for his labor, and 80 percent of his production is kept for their own earnings from his labor.

In this manner Holland has kept the Indonesians barelegged and hungry for more than 300 years, while the Dutch East Indies have furnished the chief source of income for that nation for generations.

The Dutch keep absolute control of the monetary systems, the exports and imports, and the police power, which is what Mr. Sakarno and Dr. Hatta, leaders, demanded for a United States of Indonesia.

The empire-minded nations of England, Holland, France, and Belgium follow almost exactly the same system with their own colonial systems. It is only a matter of degree. That takes in the Near East, including Singapore and the Malay States, Indo-China, and Saigon, and, in Africa, it includes French West Africa, Morocco, Tunisia, and East Africa, and the Sudan country, and South Africa, and many other countries. All of it is simply a matter of degree, the treatment and empire principle is the same.

That is the system which the Senate of the United States is now asked to guarantee. We are asked to guarantee the integrity of the colonial system in Asia, in Africa, and in other parts of the world. That is a system which is on the way out and will be out within a generation, regardless of any action we may take, since the countries of Indonesia, Singapore, and the Malayan States, and Saigon, and Indo-China, included in the Near East and in the south seas, are on the move.

Mr. President, in the humble opinion of the junior Senator from Nevada it is impossible for us, with all the power of the United States, to stop this movement. It may explode in our faces at any time. In that connection, Mr.

President, I ask unanimous consent to have printed in the RECORD as a part of my remarks an Associated Press dispatch under date of July 7, 1949, from Hong Kong.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

#### ONE THOUSAND AND FIVE HUNDRED OFFICERS AND MEN ARRIVE AT HONG KONG

HONG KONG, July 7.—The British troopship *Dilwara* reached Hong Kong today with 1,500 officers and men from the United Kingdom.

Their arrival brought this British colony's garrison strength to an estimated 8,000 troops. Present plans call for a total garrison strength of 12,000.

Mr. MALONE. I call the attention of the Senate to the fact that any place in Asia, including Hong Kong in China, could be the point at which the explosion could occur which would set off world war III. It could come suddenly. Everyone remembers the history of the opium war of 1839 to 1842. It was during those wars that Hong Kong was ceded to England. I have not been able to verify this, but in earlier years I remember the rumor was that the treaty ceding Hong Kong to England by China was signed on a British warship. A British warship pulls into Singapore, into Hong Kong, or into any other port where the Empire system was in trouble and it was all over.

The authorities of China signed away the Hong Kong area to Britain permanently. Now the forces are gathering as of old, and we are here asked to sign a treaty which will guarantee, in my humble opinion, the integrity of that kind of system.

Mr. President, these little people in Asia, in the South Seas, in Africa, are on the move which is growing every day; they are fighting the colonial yoke of domination, and the danger is that they will join any movement, if necessary, to free themselves from the generations of such domination and economic slavery—even the Communists as they sweep south on China.

Mr. President, the empire colonial systems aggravate and incite such rebellions and it is this system that we are asked to sign a pact which will guarantee its integrity.

#### EXHIBIT A

[From the New York Times of April 9, 1949]  
TEXTS OF STATEMENTS ON UNITED STATES AID  
ACHESON'S STATEMENT

The Department of State today released copies of communications exchanged with the Brussels Treaty powers and with Norway, Denmark, and Italy concerning the provision by the United States of military assistance to those countries.

Before I deal specifically with these requests, I should like to review briefly some of the considerations which have led the executive branch of the Government to decide that the provision of arms and equipment to free and friendly nations is in the highest interest of the American people.

It is now clear that in the world of today we can no longer rely on our geographic position to preserve our security and peace. Our security and peace necessarily rest in the combined security and peace of the democratic world.

Thus, the single purpose of our foreign policy has been to make a free world possible and more secure. The foreign policy



which this Government has actively pursued since the termination of World War II has had as its fundamental objective the improvement of the security of the American people by assisting and bringing about conditions which will make for peace.

Our policy has been directed toward preserving free institutions and nations—to enable them to pursue, through their own efforts, the democratic way of life from which we have benefited so much. To this end we embarked upon the European recovery program, which is by all odds the most important and hopeful application of the foreign policy I have described—the policy of preserving and strengthening the environments of freedom.

To the same end of preserving peace we have, in conjunction with certain western European countries and Canada, signed the Atlantic Pact. It is clear, however, that the restoration of political and economic health in western Europe—so essential to our peace and security—requires on the part of the peoples of that area a confidence in the future, a sense of personal security, and a reasonable assurance of peace.

#### *Says Europe needs confidence*

If they do not have that confidence, their progress toward recovery and the establishment of self-supporting sound economies for strengthening democratic institutions will be handicapped.

It is against this background that we have for several months been developing a program of foreign military assistance. That program is being planned on the basis of information as to the urgent military needs of certain of the western European nations which we received from them informally some time ago.

The requests for military assistance now formalized by this exchange of notes are predicated upon an urgent need for improvement in the defensive capabilities of the countries requiring such assistance, thereby discouraging aggression against them.

The military assistance program, like the Atlantic Pact, is part of a policy which is entirely defensive in its scope. It could not be otherwise. Aggression is contrary to the basic traditions, instincts, and fundamental policies of the nations involved.

There can be no doubt that the Atlantic Pact countries have much to lose and nothing to gain from war. By the very fact of our democratic systems of government, we can never conspire to undertake aggressive action. The public discussions in this country and abroad which will take place concerning the North Atlantic Pact and the proposed military-assistance program are clear guaranties that we are not preparing for an aggressive war.

The requests come from certain of the nations who have this week joined with us in signing the North Atlantic Pact. It is important to note, however, that the requests are not a product of the pact—an instrument which is not yet in effect. Thus, even without the existence of the North Atlantic Pact, the need for assistance and the recommended response of this Government would be the same.

I need only refer to the address to Congress on March 17, 1948, by the President of the United States, when he stated in referring to the Brussels Treaty: "I am sure that the determination of the free countries of Europe to protect themselves will be matched by an equal determination on our part to help them do so."

In his inaugural address this year the President stated as a part of his program, "We will provide military advice and equipment to free nations which will cooperate with us in the maintenance of peace and security."

These requests and our replies therefore in no sense represent a price tag to be placed

upon the pact. At the same time, by stressing the willingness of each requesting nation to do what it can to help itself, and each other, in the common cause, they are consistent with the spirit of the pact.

Our decision to provide assistance will represent a careful, honest judgment of an effective means by which we can contribute to the collective defense of the North Atlantic area. This program will thus become a powerful factor in assuring success for the aims of the pact. As the countries of western Europe develop their strength, to resist aggression, they will become better able to contribute not only to the peace and security of the North Atlantic area but to the peace and security of the world.

Let us now review briefly the terms of the request. They all emphasize certain basic principles of vital importance in assuring the United States that our assistance will yield maximum benefits to us as well as to the recipients.

#### *Economic recovery put first*

They all recognize that economic recovery must be given first priority; they all recognize in clear terms that each country must undertake to do what it can to help itself and help the other parties of the pact; they all recognize the importance of building up at this time a modest program of arms production over and above what had been contemplated in their budgets for this year, so undertaken as not to impede the progress of the economic recovery program.

Of particular significance is the fact that these principles have been put into actual working operation by the five western union countries. Their coordinated request is the result of careful examination as a group of what, as a group, they can do for themselves. Their coordinated answer augurs well for the future successful establishment of a cooperative common defense program for the North Atlantic area.

While the assistance to the North Atlantic pact countries will constitute the larger part of our assistance program, the proposed program does call for some assistance to other areas. This will include assistance to areas to which we have already undertaken commitments, such as our military assistance program to Greece and Turkey.

I cannot at this time give a figure, a range of figures, or an informed guess, of what the cost of the program will be, for either the North Atlantic Pact countries or for other areas. This matter is now being considered jointly with the Bureau of the Budget and will be submitted to the President. When the President has made his review I will then be in a position to make the figure known to the Congress and the people of the United States.

#### *BRUSSELS POWERS' NOTE, APRIL 5, 1949*

1. Since the signature of the Brussels Treaty the five governments have had under consideration a common defense program. Convinced of the necessity for such a program, they believe that its formulation and application must be based on entire solidarity between them. They have reached the conclusion that if this defense program is to be effective the material assistance of the United States Government is essential. The principles on which the program should be based are set out in the following paragraphs.

2. The main principles would be self-help, mutual aid, and common action in defense against an armed attack. The immediate objective is the achievement of arrangements for collective self-defense between the Brussels Treaty powers within the terms of the Charter of the United Nations. The program would be considered as a further step in the development of western European security in the spirit of the statement made by President Truman to Congress on March

17, 1948, the day of the signature of the Brussels Treaty. It would be in accordance with the general objective of article 3 of the North Atlantic Pact, and would result in each party, consistent with its situation and resources, contributing in the most effective form such mutual aid as could reasonably be expected of it. It would also be in accordance with the principles expressed in the resolution of the Senate of the United States of June 11, 1948.

3. The military strength of the participating powers should be developed without endangering economic recovery and the attainment of economic viability, which should accordingly have priority.

4. In applying these general principles of a common defense program the signatories of the Brussels Treaty attach importance to the following points:

(a) The armed forces of the European participating countries should be developed on a coordinated basis in order that in the event of aggression they can operate in accordance with a common strategic plan.

(b) They should be integrated so as to give the maximum efficiency with the minimum necessary expenditure of manpower, money, and materials.

(c) Increased military effort, including increased arms production, should be consistent with economic objectives and the maintenance of economic viability. Additional local currency costs should be met from noninflationary sources.

(d) Arrangements concerning the transfer of military equipment and supplies for such production among the European participating countries should permit transfer, insofar as possible, without regard to foreign-exchange problems and without disrupting the intra-European payment scheme.

5. In order to carry out a common-defense program on the basis of the above principles, there is urgent need for United States material and financial assistance. The signatories of the Brussels Treaty will therefore be glad to learn whether the United States Government is prepared to provide this assistance to them.

6. In the event of a favorable reply in relation to the above requests, a detailed statement of the specific needs of the signatories of the Brussels Treaty for the year 1949-50 will be transmitted to the United States Government at the earliest possible date.

#### *UNITED STATES REPLY, APRIL 5, 1949*

1. The Government of the United States refers to the memorandum dated April 5, 1949, from the Brussels Treaty powers, which inquires whether the United States will provide military assistance in the form of military equipment and financial aid to the Brussels Treaty powers and which sets forth the principles on which such request is made.

2. The executive branch of the United States Government is prepared to recommend to the United States Congress that the United States provide military assistance to countries signatory to the Brussels Treaty, in order to assist them to meet the matériel requirements of their defense program. Such assistance would be extended in recognition of the principle of self-help and mutual aid contained in the Atlantic Pact, under which pact members will extend to each other such reciprocal assistance as each country can reasonably be expected to contribute, consistent with its geographic location and resources, and in the form in which each can most effectively furnish such assistance.

3. It will be requested of the Congress that such assistance be in the form of military equipment from the United States required by their common-defense program and the provision of some financial assistance for increased military efforts on their part required

by such defense program. It will be understood that the allocation of this matériel and financial assistance will be effected by common agreement between the Brussels Treaty powers and the United States.

4. The United States Government will accordingly appreciate receiving as soon as possible the detailed statement for the specific needs of the signatories of the Brussels Treaty for the year 1949-50 as proposed in paragraph (6) of the request from the Brussels Treaty powers.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

|              |                 |               |
|--------------|-----------------|---------------|
| Alken        | Hoey            | Mundt         |
| Anderson     | Holland         | Murray        |
| Baldwin      | Humphrey        | Myers         |
| Brewster     | Hunt            | Neely         |
| Bricker      | Ives            | O'Connor      |
| Bridges      | Jenner          | O'Mahoney     |
| Butler       | Johnson, Colo.  | Pepper        |
| Byrd         | Johnston, S. C. | Reed          |
| Cain         | Kefauver        | Robertson     |
| Capehart     | Kerr            | Russell       |
| Chapman      | Kilgore         | Saltonstall   |
| Chavez       | Knowland        | Schoeppel     |
| Connally     | Langer          | Smith, Maine  |
| Cordon       | Lodge           | Smith, N. J.  |
| Donnell      | Long            | Sparkman      |
| Dulles       | Lucas           | Stennis       |
| Eaton        | McCarran        | Taft          |
| Ferguson     | McCarthy        | Taylor        |
| Flanders     | McClellan       | Thomas, Okla. |
| Frear        | McFarland       | Thomas, Utah  |
| Fulbright    | McGrath         | Thye          |
| George       | McKellar        | Tobey         |
| Gillette     | McMahon         | Tydings       |
| Graham       | Magnuson        | Vandenberg    |
| Green        | Malone          | Watkins       |
| Gurney       | Martin          | Wherry        |
| Hayden       | Maybank         | Wiley         |
| Hendrickson  | Millikin        | Williams      |
| Hickenlooper | Morse           | Withers       |
| Hill         |                 | Young         |

The PRESIDING OFFICER (Mr. Ives in the chair). A quorum is present.

Mr. DULLES. Mr. President, I am hesitant about speaking so soon. I feel that I am still wrapped in senatorial swaddling clothes rather than in a senatorial toga. But several Senators, both Republicans and Democrats, have been good enough to suggest that I should express myself about the North Atlantic Treaty before the debate closes. Those suggestions reflect the spirit of cordial reception which has welcomed me here, for which I am profoundly grateful, and by which I have been deeply moved. I say with all sincerity that I speak very humbly before Senators who, over the recent years, have dealt so wisely and constructively with the great problems of war and peace that have come before them.

During much of this period, and almost constantly since early in 1945, I have been in attendance at international conferences, seeking to establish a just and durable peace. The task has not been easy and there have been moments when another war was perilously near. But at last there has been evolved a strategy for peace in the west which I am confident will succeed if it is pushed vigorously to its full conclusion. The North Atlantic Treaty is one of the essential ingredients of that over-all strategy for peace. I shall give my understanding of the North Atlantic Pact from that viewpoint.

#### THE SAN FRANCISCO CONFERENCE ON WORLD ORGANIZATION

I recall first of all the San Francisco Conference on World Organization where I served under two distinguished Senators, the Senator from Texas [Mr. CONNALLY] and the Senator from Michigan [Mr. VANDENBERG]. There we had already begun to realize that Soviet ambitions conflicted with the ideals for which our Nation had fought and which were expressed in the Atlantic Charter. Also, it there became apparent that a United Nations organization could not be expected to reconcile these conflicts by coercive machinery of its own. That would not have established peace, but would have started new war. So the plan of Dumbarton Oaks was changed at San Francisco so that those nations which had common values could organize their own collective defense. Also the United Nations Assembly was redesigned so that it could be what the Senator from Michigan [Mr. VANDENBERG] so aptly called the "town meeting of the world." There debate, investigation, and exchange of information would reveal to all where lay peril, if peril there were, and where could be found a common defensive purpose against that peril.

It was that action, taken over 4 years ago at San Francisco that made possible—I go further, and say it, indeed, foreshadowed—the defensive organization, first, of the American states, and now of the North Atlantic community.

I have heard it said here that this North Atlantic Treaty does violence to the spirit, if not the letter, of the United Nations Charter, and that in that respect it represents a step backward. If I believed that, I would, of course, oppose the treaty. I have intense devotion to, and faith in, the United Nations. I not only attended the San Francisco Conference where the United Nations was born, but through the confirmatory action of this honorable body, I have served as a United States delegate at every regular session of the United Nations Assembly. It is my opinion, based on that knowledge and experience, that the North Atlantic Treaty, far from being a step backward, is a step forward. It is apparent now, as it already had begun to be apparent at San Francisco, that security could not be achieved at a single step through a single world organization. It is going to be necessary to advance progressively through a series of organizations for collective self-defense. The North Atlantic Treaty is one more such organization. That treaty can, and I believe will, lift from the United Nations a burden and anxiety which it was never designed to carry. When I say that, I assume, of course, that the parties to the North Atlantic Treaty are honorable in their reaffirmation of faith in the purposes and principles of the United Nations Charter, and that they will act accordingly. I see no reason to impute bad faith to them.

#### THE FIRST MEETING OF THE COUNCIL OF FOREIGN MINISTERS

Following the San Francisco Conference, came the first meeting of the

Council of Foreign Ministers in London, in September 1945. I attended that with Secretary Byrnes. There we made a memorable decision. There we determined that the United States would not, in time of peace, go on, as at Tehran and Yalta, making concessions in order to buy from Soviet leaders a facade of harmony and of agreement. That was a necessary decision. It is a decision which I suppose the Senate would ordinarily applaud, but it was a decision that involved fateful consequences. One of those consequences was an increased need for collective self-defense. For, once Soviet leaders saw that they could no longer make great gains by tactics that partook of blackmail, they dropped the pretense of friendliness, and opened up cold war with full fury. And part of the cold war was the threat, often repeated by Communist leaders, that the Red armies might march to the Atlantic.

#### THE PROSECUTION OF COLD WAR

Following that decision, taken in London in 1945, the Soviet Communists' purpose became fully revealed. It was no less than world domination to be achieved by gaining political power successively in each of the many areas which had been afflicted by war, so that in the end the United States, which was openly called the main enemy, would be isolated and closely encircled.

Throughout Europe and Asia, many had been bruised and broken in spirit by the brutalities of war. There was economic misery, loss of faith in existing political institutions, and even a decline of religious faith. There was a sort of fatalistic feeling that Western civilization had, perhaps, run its course, and that communism might be a historical necessity.

Wherever these conditions existed, and they existed widely, Soviet Communist agents played cleverly on men's hopes and fears. On the one hand, they promised great things to all who were discontented. On the other hand, they threatened with new terrors all who were disposed to resist. Behind that double-barreled offensive of threat and promise, secret agents penetrated into key positions and worked to disrupt further the existing order. They fomented discontent, and they inspired and directed political strikes, sabotage and even civil war. Thus they sought to condition men's minds and break their spirits to acquiescence in a Communist seizure of power.

Mr. President, this cold war won victories, for in much of the world there was a vacuum of political, economic and moral power, and Soviet communism alone seemed sufficiently dynamic to fill that vacuum. In consequence, by 1948, the Soviet Communist Party had increased its area of control to nearly 700,000,000 persons, or one-third of the human race. In many other areas they were near to power. There was danger that the divided and distraught elements of the free world would be swallowed up, bit by bit, leaving the United States to be dealt with, in the end, alone.



#### THE MOSCOW CONFERENCE AND THE MARSHALL PLAN

It was not until the Moscow Conference of 1947, which I attended with Secretary Marshall, that a scheme of defense began to take shape. It contemplated that the United States, which was still strong, would encourage and help those peoples of Europe who were yet free, so that they would find new strength out of new unity. In that way, at least in western Europe, the vacuum would be filled by native and friendly processes, to the exclusion of alien despotism.

Such a cooperative effort in the economic field was suggested by Secretary Marshall shortly following his return from Moscow. There gradually began to emerge, in broad outline, the vision of a way whereby, without war, the free societies might frustrate the Soviet design.

#### THE ROLE OF THE UNITED NATIONS

While that was going on, the United Nations was making an indispensable contribution. It was not carrying the direct burden of security, for that it could not do. But it was creating the conditions needed for collective self-defense.

By that, I mean that when the member states first came together in January 1946, most of them seemed to feel that they confronted an old-fashioned struggle for power between the capitalistic United States and the communistic Soviet Union. Their initial disposition at that time was to remain aloof, if they could, and seek to compromise the conflict.

If that state of mind had continued, it would have delivered most of the world over to Soviet communism. For, as we have seen, there could not be effective defense without close cooperation between the United States and the other free societies. That initial attitude of "neutrality" fortunately did not long persist. It was dissipated by the debates, the investigations, and the exchanges of views, often informal, which took place at the assemblies of the United Nations. Through such United Nations processes, the falsity of Soviet propaganda was quickly exposed; its subversive methods were uncovered and the nature and magnitude of the danger were revealed. Also, through those same processes it was made clear that the United States had no lust for more power, but only a desire to safeguard institutions that respected human liberty.

Recently I have heard many people speak in mournful tones about the United Nations. I say the contribution the United Nations made during that period, and in that way, constituted of itself an immense and indispensable contribution to world peace, and of itself justifies the total investment of time, effort, money, and faith which our people have put into the United Nations.

#### THE STRATEGY FOR PEACE IN EUROPE

I now come down to 1948, by which time Soviet conduct, as revealed in the United Nations, had brought about a total change in thinking. Now it was possible to have a solidarity among the non-Communist governments, and there had developed

a desire to cooperate under the leadership of the United States in building peaceful barriers to further conquest by Soviet communism. Thus, out of these international gatherings, the meetings of the United Nations, the meetings of the Foreign Ministers, and the national debates of free peoples and their parliaments, including notably the Congress of the United States, there was born a strategy for peace in Europe. It involved a dynamic, cooperative effort on the part of the free peoples of the West.

There came, in quick succession, the European Recovery Plan, the Brussels Pact, the uniting of the British and United States zones of Germany, and, shortly, adding to them the French zone, making possible the creation of the Bonn government of Western Germany, the internationalization of the Ruhr, the joint United States-British airlift, which held Berlin against Soviet blockade, the Council of Europe, and now the North Atlantic Treaty. For collective security, all those steps were built around one single common theme. That was the theme of the cooperation for their mutual aid of the free peoples of the west.

That program is beginning to show results. I began to see some of those results at the last meeting at the Paris Conference of Foreign Ministers which I attended last month with Secretary Acheson. The difference in 2 years has been tremendous. There had been a very great transformation. At the last meeting of the Council of Foreign Ministers the blockade of Berlin was lifted and the Soviet delegates pledged their government not to renew it. The principal obstacles to an Austrian treaty were removed. There was tacit acquiescence in the Bonn government of western Germany. The Soviet Union proposed to lift at least a corner of the iron curtain that ran through Germany to permit of east and west German trade. It sought a renewal of four-power consultations at many levels. I realize that many aggravations, many dangers surely remain, and that Soviet policy can be changed overnight; but I say that the program along which we have been moving has begun to show tentative results, and it was apparent at the Paris meeting that the Soviet Government was disposed to ease in Europe the more extreme manifestations of the cold war.

Why did that happen? Why has that transformation taken place? It has taken place because Soviet Communist tactics cannot prevail against such curative and creative programs as we have been evolving over the past 2 years. The Communist twin guns of false promise and terroristic threat were spiked. The west was doing economically what Communist propaganda could only promise and visibly in eastern Europe could not perform. Threats ceased to carry terror when men realized that they were 300,000,000 strong. The vacuum in western Europe is being filled, and it is being filled by the fruits of free cooperation. Meanwhile Soviet communism is bogging down in eastern Europe because it does not know how to cooperate but only how to dictate.

#### THE STRATEGY MUST BE SUSTAINED

With all due reservations, I feel that we are on the way peacefully to resist, and I hope, eventually to throw back Soviet communism in Europe. But if we have found the way, we have not yet gone down that way far enough to find a place where it is safe to stop.

If for a moment we should become overconfident, if we should begin to feel that cooperation is no longer necessary and that each of the western nations should now go its separate way, then at that moment the peril would resume. For Soviet communism does not abandon its objectives, it merely suspends their all-out prosecution when and where the going seems too hard.

At Paris last month there was some discussion as to whether to accept at all the Soviet proffered truce and to resume, even on a tentative basis, Four Power consultations. The reason was that some feared any relaxation of east-west tension would bring a corresponding relaxation on the part of the American people, and therefore they needed to be kept artificially alarmed.

That thesis, I may say, we rejected. We believed that the American people could be trusted with the truth, and that they would see that, even if the peril in Europe seems less imminent, still the European recovery program and the North Atlantic Treaty could not now be abandoned without consequences of the gravest character. If that happened, it would at once be the signal for a revival of the Communist offensive against western Europe. It would lead our European friends to feel that we could not be relied upon to sustain our high purpose. It would make it utterly impossible to go on from here, as I hope we shall, to develop a program to save Asia from being overrun by Soviet communism. It would, indeed, scrap our program for peace just at the moment when its soundness had been demonstrated, but before it had been sustained to a point where it had consolidated the peace.

In this connection, Mr. President, I should like to refer briefly to the problem of Germany. Ever since VE-day the problem of relations with the Soviet Union has so dominated our thinking that we have given little thought to the problem of Germany. But we should not forget that the conditions which brought Hitler to power are latent in Germany today, even in exaggerated form, for there are more Germans today than ever before, in a smaller Germany. They are strategically located between the east and the west. They have ambitions, which I hope and believe can be worthy, but which we know can be evil. Unless the west can provide the Germans with a decent and hopeful future, it is almost certain that they will develop a bargaining position between the east and the west, between the Soviet Union and western Europe, out of which could come at least a temporary Soviet-German alliance. If that should come, all our hopes and plans for a peaceful and free Europe would crash to the ground. But 70,000,000 Germans are too many for the comfort and the safety of the European

members of the Atlantic community unless their security is strengthened by the adhesion of the United States. Germany can be integrated in the west if the west includes the United States. Germans cannot be safely integrated in the west, and certainly they will not be invited into the west if the west does not include, for security purposes, the United States.

The North Atlantic Treaty will superimpose upon the Brussels Pact another security pact that is bigger and stronger, so that our western European allies will not fear to bring Germans into the orbit of the West. With that treaty it may be possible to solve the problems of Germany. Without it I see no solution, nor have I heard anyone suggest a solution. That is an aspect of this matter which the opponents of the treaty have totally ignored.

There are some who hesitate to accept this commitment to organize the Atlantic community, because they believe it will require us to undertake a militaristic program for rearming the nations of western Europe. Of course, Mr. President, there is not a word in the North Atlantic Treaty that expresses any such obligation. The pending military-aid program does not even purport to be an implementation of the Atlantic Treaty, as the State Department's statement, read here yesterday by the Senator from Michigan [Mr. VANDENBERG] made evident. Article 3 of the treaty does contemplate developing a collective capacity to resist armed attack and mutual aid in that respect, and article 9 of the treaty provides for a council and for a defense committee which are to make recommendations regarding implementation of article 3. What those recommendations will be, no one here can possibly know, for there is as yet no treaty, there is as yet no council, there is as yet no defense committee, and there are as yet no recommendations.

What we do know is that when the council exists and the defense committee exists, and when the recommendations are made, they will be only recommendations. That is specific in the treaty. When those recommendations are made, they will, I assume, be considered on their merits. If the recommendations seem to be advantageous, I assume we will accept them. If they appear to be disadvantageous, we are certainly free to reject them, and I assume and hope we shall reject them. Certainly the treaty gives no other nation or group of nations a blank check on the United States. That, it seems to me, is a preposterous and dangerous interpretation of the treaty, and I think it needs to be made perfectly clear that those who vote for the treaty totally reject that interpretation.

I find in the treaty no obligation, legal or moral, to vote for any armament program or for any item of any armament program unless it be meritorious in its own right.

Mr. President, the opponents of the treaty, in addition to assuming that it gives other parties a blank check on the United States, seem also to assume that the collective defense contemplated by the treaty will be more monumental and

more militaristic than the total of 12 separate defenses. I confess that I have been surprised by that argument, for I myself have assumed precisely the contrary. I have supported the treaty because, in my opinion, it will make it possible to reduce the very heavy burden of military expenditure which our Nation is now carrying. I came to that conclusion because it seemed to me that the political commitment of the treaty, one for all and all for one, would itself greatly reduce the risk of war. No nation will be likely to assault the combined resources and facilities of 12 nations and the 350,000,000 people who make up this Atlantic community. If the risk of war is reduced, the cost of insurance against that risk should be likewise reducible; and if the 350,000,000 people each carries a fair share of the common defense, then surely that should be less burdensome to each than for each to attempt it alone. Instead of multiplying military establishments, the treaty should reduce them to diversifying and spreading the responsibility.

I am profoundly convinced that the North Atlantic Treaty, if it be ratified, will make it possible at long last to begin to realize the Atlantic Charter promise to lighten for peace-loving peoples the crushing load of armament. That is the way the treaty should work, once it gets into operation, and that is the way I believe the proponents of the treaty intend that it shall work. They do not intend or expect that the treaty shall work in the way its opponents propose. I think it is important to disabuse the other parties to the treaty of any illusion they might have come under as a result of hearing some features of the debate, that the United States Senate interprets the treaty as giving them a right to draw freely upon the United States for their own independent military establishments.

Mr. President, I have a feeling of regret that in all this debate we deal with it so much in a spirit that assumes that under the treaty we are to be the benefactor and others the beneficiaries. We are constantly talking about what we are going to do for others, but we have talked very little about what others are, through this treaty, going to do for us.

The prime minister of one of the gallant small countries of Europe recently said to me:

If we are attacked, it will be this time because we are your allies and friends; we are no longer an important target of ourselves.

That, Mr. President, is, I think, a fair estimate of the situation, and I think it is worth something to us that there are brave people close to danger who are willing, if need be, to absorb the first shock of devastating attack because they believe in the things in which we believe and want to show solidarity with us. Mr. President, I feel that it is not right to treat such people as mendicants.

Of course, it is never possible to know in advance that legislative authority such as is given for European economic recovery or for the common defense of the Atlantic community will, in fact, be used by the Executive to the best advantage and in the spirit intended by the Con-

gress. I think we must frankly recognize, for example, that under the European recovery program there has been little progress in achieving in Europe a broad market and the reduction of currency and customs barriers which were the great goal.

Some, notably in England, want to limit international trade to a bilateral, governmental bartering of hard goods. That is properly a matter of deep concern to us, for it strikes at the heart of our anti-Communist strategy which depends on increased unity as the fountain for increased vigor.

Despite such set-backs, which are to be expected, and which, in my opinion, can be and must be overcome, the results to date under the European Recovery Act have fully justified the initial appropriations. Future appropriations remain subject to congressional control and to the provision of the act that the continuity of American aid is dependent upon continuity of cooperation as between the European participants.

It is conceivable that, in the future, some of the parties to the North Atlantic Treaty might seek to pervert it by building up great military establishments and bringing about an armament race. If that happened it would, in my opinion, be a grievous distortion of the intent and purpose of the pact. But—and this is vital—that cannot occur under the treaty without our consent, and the Congress, through its control of appropriations, has that situation under its control.

#### RISKS ARE INHERENT

In any great enterprise there are risks and possibilities of abuse. Such risks have to be taken to defeat the dynamism of Soviet communism. The greatest risk of all is the risk of doing nothing, for the dynamic always prevails against the static. When I say that, I do not say it as an apology for recklessness. Of course, it devolves upon us to seek scrupulously, painstakingly, to perfect and safeguard our programs before we act. The Committee on Foreign Relations has done a great task in this respect, and it has clarified some dangerous ambiguities that were found in the text. But in the end there comes a time for action, and that is where we now are.

Mr. President, no charter, no constitution, no treaty, can be judged merely by its words. Never was there an international instrument which expressed such lofty and noble sentiments as that which created the Holy Alliance. The Soviet constitution is replete with guarantees of human rights, freedom of speech and press, and of religious worship.

This North Atlantic Treaty purports to be an undertaking by the members of the Atlantic community to work together to safeguard free institutions, individual liberty, and the rule of law. Certainly that is a noble purpose. Already, even before its ratification, the treaty has brought new hope to our friends and new discomfiture to those who wish us ill.

Of course, I know that the North Atlantic Treaty has defects and that there are possibilities of abuse. It is not drafted precisely as I would have it. I



know that it could be used as an instrument of militarism or to sabotage the United Nations. I have thought of all the horrid possibilities that have been suggested here—and then some. However, at this stage the decision must be made primarily as an act of faith—or lack of faith—in the American people. It is they who will determine whether this instrument is used for good or for evil. Because there are great possibilities of good, because the need is urgent, and because I have faith in the American people, I support the treaty.

#### AN INSTRUMENT FOR RIGHTEOUSNESS AND PEACE

All the world is watching to see what we do here. They have seen tension mount. Means of mass destruction are being feverishly developed, and there is conceded risk that mankind may be plunged into an awful abyss. Hundreds of millions, including our own people and peoples throughout the world, look to our Nation as alone possessing the combination of material and moral power needed to lead humanity out of the present peril. That places upon us a great responsibility.

There are those, some deeply devoted to the cause of peace, who would swerve away from any line of effort that is cast in a military mold. But unfortunately no program will suffice unless it provides men with a sense of security as against the menace of those who exalt ways of violence and practice the use of terror.

The North Atlantic Treaty, as I said in the beginning, is not an isolated act. The union of our States was also a measure for common defense, but it was far more than that. Common defense is a part, a necessary part, of every organized community, but it is not the whole. Admiral Mahan said that the function of force in human affairs is to give moral ideas the opportunity to take root. I am confident that the North Atlantic Treaty will never be regarded as an all-sufficient end in itself. Rather, it can provide the opportunity for our spiritual faith to reassert itself in practices that will enlarge men's equal opportunity to develop, morally, intellectually, and materially. That is the core of our new program for peace. I am confident that the individual men and women who make up our citizenry understand that, and that they, with others, can be trusted to infuse into this treaty a spirit which will make it a living instrument for righteousness and peace.

Mr. TAFT. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Ohio?

Mr. DULLES. I yield.

Mr. TAFT. Did I correctly understand the Senator to say that he thought there were no plans as yet to implement the treaty with an arms program, that we had to wait until the consultation under article 9 before we would know there was such an implementation?

Mr. DULLES. I said that there could be no implementation of article 3 of the treaty until the treaty was in force, and until its Council and Defense Committee had made recommendations in that respect.

Mr. TAFT. The Senator is fully familiar, is he not, with the fact that the President has announced that he has worked out plans with foreign nations, and that he is about to present to Congress a program involving some \$1,400,000,000 to arm these nations, and that that is an implementation of the Atlantic Pact?

Mr. DULLES. No, I do not so understand. I do understand that there is a program, which will be submitted to Congress, a program which was worked out, as I understand, entirely independently of any treaty, which will be submitted without the Atlantic Treaty, and which will stand, when it comes here, on its own merits.

Mr. TAFT. Does not the Senator feel that, for instance, the Prime Minister of Norway came here not only to implement the pact, but, in connection with the implementation of the pact, to get assurance of definite assistance for the providing of arms?

Mr. DULLES. I think the Prime Minister of Norway came here in the hope of getting an arrangement to obtain arms. But the point I make is that there is no commitment in the pact to vote any particular arms program. Any particular arms program stands on its own facts, on its own merits, and can be rejected or accepted as such.

Mr. TAFT. But the Senator's conclusion is that the ratification of the pact imposes no legal or moral obligations to aid any one of the 11 nations who have signed the pact, that is, by providing arms? Is that a correct statement of the Senator's conclusions?

Mr. DULLES. I will try and read just what I said. I do not find it in my text at the moment. I said in substance that I see in the treaty no legal or moral obligation to vote any arms program which is not defensible on its own merits.

Mr. TAFT. Then would the Senator say that we could properly adopt a reservation, asserting our belief that there is nothing in the treaty imposing any legal or moral obligation to provide arms to any nation, in order that when we come to consider the arms program, if there is one, we may be bound in no way by the obligations of the treaty? Would the Senator be willing to vote for such a reservation?

Mr. DULLES. No, I would not; because, in the first place, it is unnecessary; and, in the second place, it is untimely.

Mr. TAFT. If the Senator thinks there is no legal or moral obligation to provide arms, then what possible, logical reason can there be for not voting for such a reservation, and making it clear that from now on we may provide arms for this Nation without providing arms for another nation; that we may provide a particular program we choose to approve without any obligation under the treaty to vote for that program?

Why is it untimely, why is it illogical to ask that such a reservation be adopted, if that is the interpretation which the State Department and the distinguished Senator and the proponents of the treaty say is its proper interpretation? Why should not the Congress, then,

adopt such a reservation so there would be no fooling of foreign nations, no misrepresentation, and no claim, when we fail to provide arms, that we have scuttled the treaty and repudiated its obligations before it gets under way? Is it not better to adopt such a reservation now and make sure that there is no misunderstanding among the foreign nations, which certainly exists today, according to the statements of their own representatives?

Mr. DULLES. In the first place, there is an orderly procedure in these matters. Treaties are negotiated and they are signed. There may be occasion for reservation, but certainly the Senate should not attempt to rewrite treaties which require them to go back again to the legislatures—the parliaments—of 11 other countries, unless there is an impelling reason for it. There are a dozen things which this treaty does not do. If we rewrite the treaty by spelling out in it everything that we think the treaty does not mean—everything we do not want it to be—then we will rewrite the treaty, and if we adopt the same procedure we will rewrite every treaty, and the entire treaty-making process will collapse.

Mr. TAFT. The Senator, then, will not join with me in my belief—my very firm belief—that the treaty absolutely commits us to furnish arms to the other nations? Under all circumstances, in view of the words of the treaty itself—and certainly the Senator recognizes that there is a very strong argument in that direction—certainly there is a doubt that ought to be resolved by the Senate and not left to a misinterpretation, which I feel certain the foreign nations are going to place upon the treaty if we ratify it tomorrow.

Mr. DULLES. The Senator may be informed about the views of these foreign governments. I have had very considerable discussion with the heads of most of the governments concerned during the past few months, and it is my very definite impression that they do not consider at all that the getting of arms is dependent upon the ratification of the treaty. I have heard some of them say they would much prefer there was no treaty at all and they could obtain the armaments without a treaty.

Mr. TAFT. I agree, of course, that arms may be furnished without a treaty. The question is whether, having adopted the treaty, we are not obligated to provide arms.

Mr. DULLES. I can only express my own views, and I certainly have great deference for the views of the honorable senior Senator from Ohio. I myself cannot find in the treaty anything which obligates us or ties the judgment of the Congress in the future.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. DULLES. I yield.

Mr. VANDENBERG. Mr. President, it seems to me that this raises a question of interpretation rather than a question of obligation. When the Senate adopted Senate Resolution 239 it advised the

President that it favored the association of the United States by constitutional processes with such regional and other collective arrangements as are based on continuous and effective self-help and mutual aid. That language is from the resolution which the Senate adopted. Article 3 of the treaty says:

In order more effectively to achieve the objectives of this treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid—

Precisely the literal language from the Senate resolution—

will maintain and develop their individual and collective capacity to resist armed attack.

I suggest to the able Senator from New York that when the Senate was so insistent upon the phrase "self-help and mutual aid" it had in mind the same phrase which had been written into the European Recovery Program or was in consideration in connection with it. The whole purpose of the phrase was to create a community of responsibility for a common net result. A common responsibility for a net result is one thing. A commitment to act to implement that responsibility is another. I submit to the able Senator from New York that, from the standpoint of the Senator from Michigan, it would be most unfortunate to delete or to undermine a responsibility for mutual acts—self-help and mutual aid—as an objective of this enterprise, and I submit that that in no sense deletes the right of the individual participant in the joint responsibility to exercise his own authority and his own right of decision and discretion under the terms of this treaty.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nebraska?

Mr. DULLES. I yield.

Mr. WHERRY. I am interested in article 3. I should like to ask the distinguished junior Senator from New York the question I have asked, I think, of most Senators who have expressed themselves similarly with regard to whether or not the treaty provides, through mutual aid, arms for the signatory powers. I should like to ask the distinguished Senator this question for the record and in order to help to clarify one of the big problems that exist in my own mind: Does the United States Government, if the treaty should be ratified, commit itself by the words "mutual aid," to provide arms for the implementation of the treaty?

Mr. DULLES. In my opinion, the pact commits the United States to a joint effort to devise a program of collective defense. When that program is submitted it will contain many elements. Presumably there will be provisions for bases, and for armaments here and there. The implementation of the treaty will come before the Congress in some form, and at that time Congress will pass judgment upon whether or not that is an advantageous thing to do, in harmony with the spirit and purpose of the treaty.

Mr. WHERRY. I understand the latter observation very clearly; but that is not the answer I would like very much

to evoke from the distinguished junior Senator from New York. If he could say "Yes" or "No" it would help me very much. What does "mutual aid" mean if it does not mean arms? I am trying to resolve that question in my own mind. I do not say this disrespectfully, but only by way of constructive criticism. I think there should be no evasion of a definition of "mutual aid." I am sure that the distinguished junior Senator from New York does not want to evade the definition. Because of his experience he has compelling reasons why he is for the treaty. There are some of us who have not had such experience, and possibly do not know some of the impelling reasons which the distinguished junior Senator from New York knows.

I ask him once again if he cannot assure me as to just what those words mean. Do we mean to include arms in the term "mutual aid"? Is this treaty the vehicle through which other nations can obtain arms? Or do we mean something entirely different from arms? Does mutual aid mean everything else but arms, if this pact is ratified by the United States? If the treaty is ratified, do we commit the United States Government to furnish arms as a part of the mutual aid? I do not refer to the amount of aid, whether it be one rifle or a thousand rifles, one cannon or a thousand cannons, or airplanes, or what not. The question as to the amount of aid is a question for future consideration. By ratifying the treaty do we subscribe to the principle that, if necessary, we shall furnish arms under the definition of "mutual aid"?

Mr. DULLES. When the Senator uses the words "if necessary" he uses big words.

Mr. WHERRY. The Senator can take them out. I should like to have, if possible, an answer to that question from the distinguished Senator from New York.

Mr. DULLES. In my opinion there is no obligation of any kind whatsoever to give arms to any country. In my opinion we will not give arms to some of the countries which are in the North Atlantic Pact. There are countries in the pact which I feel quite confident will not get arms even if they ask for them and rely upon this language in the treaty as giving them the right to get them. In the case of certain countries we would probably deny them. There may be other countries—and I think there will be others—which will get some arms, not because they have a right to the arms, but because in our opinion giving them arms will help the collective defense.

Mr. WHERRY. Can those countries get the arms through any commitment in this treaty?

Mr. DULLES. No; not at all. Let me further elucidate the answer.

Mr. WHERRY. Certainly. I should like to get all the light I can. We have the categorical, affirmative statement that the commitment does include arms, and that it cannot be separated from the treaty. The distinguished Senator from Iowa [Mr. GILLETTE] flatly asserted that we could not separate the two propositions, and that if we ratified the Treaty it would involve a commitment to fur-

nish arms. He made that statement unequivocally. He has had long experience in international relationships. Now the distinguished Senator from New York says that if the Atlantic Pact is ratified this Government does not commit itself morally or legally, in any way, shape, or form, to provide arms under the definition of "mutual aid" in article 3. That is a question which some of us are trying to resolve, and I should like to have all the light I can get on it from the distinguished Senator from New York, who has had so much experience.

Mr. DULLES. In the first place, I point out that in the treaty there is no obligation upon the United States which does not devolve equally upon every other party. So far as the language of the treaty is concerned, and so far as the legal obligation is concerned, the United States has precisely the same right to get arms from France as France has to get arms from the United States.

Mr. WHERRY. I agree with that statement.

Mr. DULLES. Anyone who contends, for example, that France, Denmark, or Norway has the legal right under this treaty to get arms from the United States must admit also that the United States has an equal right to get arms from them.

Mr. WHERRY. I agree.

Mr. DULLES. That is a reductio ad absurdum of the argument that the treaty involves a commitment under which some nations have the right to get arms from others.

Mr. WHERRY. Can France come to the United States and say, "The United States approved this treaty. Therefore it made a commitment under article 3 by which France can get arms from the United States"?

Mr. DULLES. If France should say that, I would say, "Under article 3 you made the same commitment which we made, and we are entitled to get arms from you."

Mr. WHERRY. That is another matter, so far as I am concerned. I can see that there is a mutual agreement. But could France come to the United States immediately after the treaty was ratified and say, "We need arms. You made a commitment for mutual aid. Therefore we would like to have arms." Would we have made such a commitment?

Mr. DULLES. We would not.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DULLES. I yield.

Mr. TAFT. Does the Senator agree with the position of the State Department in the white paper on the subject:

Not until we share our strength on a common defensive front can we hope to replace this temptation—

The temptation to military aggression against western Europe—

with a real deterrent to war. The North Atlantic Pact is an agreement on a policy of a common defense. Its very vital corollary is a program of military aid.

They do not go so far as to say that it is a vital obligation, but they say that its vital corollary is a program of military



aid. Does the Senator agree with that position of the State Department?

Mr. DULLES. I do not know what they mean when they say "corollary." Certainly, having gone into the Atlantic Pact, having obtained the agreement of the Atlantic community to a common defense, there should be consideration of how most effectively to build up that defense. Undoubtedly that will require a study of the program. To my mind the question whether or not we should send arms to any particular country is a wholly open question. I am not a military man, but it seems to me that it would be utterly foolish to send arms to certain countries. Certainly they cannot ask for them as of right.

Mr. TAFT. Has the Senator read the plan which describes how arms are going to every country under the Atlantic Pact, with the possible exception of Canada? That is the full intention of the plan which the President is about to submit to Congress.

Can we not look at the realities of this situation? Must we draw fine distinctions? Can we not realize that these two things are inextricably involved? The State Department says that this is a vital corollary to a program of military aid. If it is such, how can we possibly vote for the treaty and consistently turn down the military aid? That is the problem which I have faced. I cannot see any way in which a Senator can consistently do that. I take it the Senator from New York is not faced with that problem, because I assume that he intends to vote for the military aid. Is that a correct statement?

Mr. DULLES. I do not know what the program will be. I shall certainly exercise an independent judgment on the program when I see it. If in my opinion it is not an advantageous program from the standpoint of the defense of the North Atlantic area, I shall vote against it.

Mr. TAFT. Does the Senator regard the program of military aid as a vital corollary to the treaty, as the State Department does?

Mr. DULLES. No; I do not.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. DULLES. I yield.

Mr. DONNELL. Will the Senator be kind enough to restate the proposition which he has already restated once, in regard to the effect of article 9—in other words, that the obligation of implementation under article 3 does not arise until the Defense Committee, under article 9, has made recommendations? Is that what the Senator said?

Mr. DULLES. Yes. I said that the scheme of the treaty is that recommendations for implementation under article 3 are to be made by the Council and the Defense Committee to be established under article 9.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. DULLES. Certainly.

Mr. DONNELL. Does the Senator understand that the Nations signatory can do only what the Defense Committee recommends?

Mr. DULLES. No. Any nation can do what it pleases.

Mr. DONNELL. It can do what it pleases. So the question of what will be done by way of military aid is not at all dependent upon what the Defense Committee recommends. Is that true?

Mr. DULLES. That is quite true. The United States could give military aid to Canada, even though it were not recommended by the committee.

Mr. DONNELL. Article 3 is the article which provides the obligation for the giving of effective self-help and mutual aid, is it not?

Mr. DULLES. Yes.

Mr. DONNELL. Is there anything in article 3 which, in the opinion of the Senator, says that the obligation under article 3 is contingent on prior action by the Defense Committee under article 9?

Mr. DULLES. I do not find that language in article 3. I find it in article 9.

Mr. DONNELL. I ask the Senator where it is to be found in article 9?

Mr. DULLES. It reads as follows:

It shall establish immediately a defense committee which shall recommend measures for the implementation of articles 3 and 5.

Mr. DONNELL. Yes. The Senator from New York has just informed us, if I may say so, that the signatories are not bound by what the defense committee recommends, but that the signatories can either accept or reject the recommendations of the defense committee. Is that correct?

Mr. DULLES. That is correct.

Mr. DONNELL. There is nothing in article 9, is there, which says that the obligation under article 3 is deferred until action is taken by the defense committee under article 9?

Mr. DULLES. It is not contained in article 3, but I think one must read the treaty as a whole.

Mr. DONNELL. I think so, too.

Mr. DULLES. There are many things in the treaty that are not to be found in article 3.

Mr. DONNELL. That was not the question I asked, I say most respectfully.

I first started to ask whether there is anything in article 3; and then, after the Senator had said there is nothing in article 3 which makes its provisions contingent upon the provisions of article 9, I then corrected myself and asked where in article 9 there is anything which says that the obligation under article 3 is to be deferred until action is taken by the defense committee under article 9.

Mr. DULLES. I think that is a clear inference, upon reading both of them.

Mr. DONNELL. That is not stated in article 9; is it?

Mr. DULLES. We have there a provision for implementing an article. I think that would be an exclusive provision for implementation.

Mr. DONNELL. Is there anything in the article which says it is exclusive? I wish also to call attention to the fact that the Senator from New York already has stated that none of the nations is bound by the recommendations of the defense committee, so the nations can act just as independently after the recommendation of the defense committee is made as they could before it was made.

So I ask this question: Is there anything in article 9 which says in so many words that action under the provisions of article 3 shall be deferred until action is taken by the defense committee?

Mr. DULLES. Article 9 says that the council shall establish immediately a defense committee which shall recommend measures for the implementation of articles 3 and 5.

Mr. DONNELL. I do not think that is exactly what article 9 says. It says:

The council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a defense committee which shall recommend measures for the implementation of articles 3 and 5.

But I respectfully submit to the Senator from New York, for his comment, that there is nothing which says that the prior action of the defense committee is essential to the coming into effect of the obligation under article 3.

Does not the Senator from New York agree, regardless of what he thinks may be the inference, that there is nothing which expressly says that the obligation under article 3 shall be deferred until action is taken by the defense committee under article 9?

Mr. DULLES. That is not expressed; no.

Mr. DONNELL. The distinguished Senator from New York testified before the Foreign Relations Committee, did he not, with respect to the North Atlantic Treaty?

Mr. DULLES. Yes.

Mr. DONNELL. I ask the Senator from New York if he knew, at the time of his testimony before the committee, that the question as to whether military aid is involved in the treaty and is an obligation under the treaty was one of the questions before the committee.

Mr. DULLES. Possibly I knew; yes.

Mr. DONNELL. Is not that the Senator's best recollection, namely, that he did know that that was one of the questions which was very prominently before the committee?

Mr. DULLES. I do not think it was raised when I was before the committee, but I may have been aware of it.

Mr. DONNELL. Let me ask the Senator whether at any time in his testimony before the committee he made the point which he has made here this afternoon, namely, that the obligation under article 3 is deferred until action is taken by the defense committee under article 9.

Mr. DULLES. I do not think the Senator from Missouri asked me that question.

Mr. DONNELL. At any rate, that point was not made by the Senator from New York. That is correct, is it not?

Mr. DULLES. That is correct.

Mr. DONNELL. Yes.

May I also ask the Senator from New York whether it is true that within 24 hours after the signing of the North Atlantic Treaty here in Washington on April 4, the representatives of eight of the countries under the North Atlantic Treaty presented to the Secretary of State a request, and received an answer, with respect to military implementation to be extended by the United States to those respective countries. Is not that correct?

Mr. DULLES. I believe it is. I might also add, if the Senator from Missouri will permit—

Mr. DONNELL. Certainly.

Mr. DULLES. That we had been giving a very appreciable amount of military aid, without there being any treaty at all, or even before a treaty was drafted. We had given very substantial military aid to France, quite apart from a treaty, because we thought it was a wise thing to do.

Mr. DONNELL. Does the Senator from New York know why it was that the separate requests, first, of the Brussels Pact countries—Britain, France, the Netherlands, Belgium, and Luxembourg—and the three separate requests for arms of three other signatories to the North Atlantic Treaty, were not made until they were presented by documents dated April 5, 1940, or one day after the signing of the North Atlantic Treaty?

Mr. DULLES. I cannot answer that question.

Mr. DONNELL. Let me also ask the Senator whether he agrees with this sentence in the State Department publication to which the Senator from Ohio [Mr. TAFT] has referred, namely, publication No. 22, issued in May of 1949:

Article 3 does not obligate the United States to provide any definite amount of military assistance or to make any specific contribution.

I may say that I am emphasizing the words "definite" and "specific," but they are not italicized in the text.

Does the Senator from New York agree that article 3 does not obligate the United States to provide any definite amount of military assistance or to make any specific contribution?

Mr. DULLES. I certainly agree with that.

Mr. DONNELL. Let me ask whether the Senator from New York believes it would have been necessary for the words "definite" or "specific" to have been in that sentence if the State Department took the position that article 3 does not obligate the United States to provide any amount of military assistance. Would it have been necessary to have the words "definite" or "specific" there, if the State Department meant to say that article 3 does not obligate the United States to provide any amount of military assistance?

Mr. DULLES. The Senator from Missouri is asking me now to read the mind of the State Department.

Mr. DONNELL. No; I am not, I may say to the Senator, although I beg his pardon for apparently contradicting him. I was asking him for his construction of the sentence to which I have referred. I say this very respectfully, because I am sure all of us value most highly the opinion of the distinguished Senator from New York, and we are delighted to have him here and to have him give us his views; but my point is that the following sentence of the State Department publication No. 22, that—

Article 3 does not obligate the United States to provide any definite amount of military assistance or to make any specific contribution—

Certainly leads to the inference that the State Department thinks the treaty leads to an obligation to provide some military assistance, although not a definite amount, or to make some contribution, although not a specific one. Is not that conclusion justified from a reading of that sentence?

Mr. DULLES. I think there is certainly an obligation on the part of all the members or signatories to the treaty to provide each other with a certain amount of military assistance. It may be that the best military assistance we can give France is to have an atom bomb somewhere in the United States. If that is so, that is military assistance to France. It may be that the best assistance which France can give us is to provide a base in France. If so, that is military assistance. But to say that this treaty requires the giving of any particular amount of arms, or any arms at all, to any particular country, is, I think, a distortion of the language and intent of the treaty.

Mr. DONNELL. I may say to the Senator from New York that I agree that there is nothing in the treaty which provides that any particular number of guns or bombs shall be furnished, but to my mind it is perfectly clear that there is an obligation—

by means of continuous and effective self-help and mutual aid—

To—

maintain and develop their individual and collective capacity to resist armed attack.

It is inconceivable to me that that has any other meaning than that among the items which naturally would be required in order to resist armed attack would be articles which would enable the Nation to resist armed attack—military items, to be specific. I now ask the Senator whether he agrees with this further sentence, which follows the one that I have read. The one that I have read from the State Department publication is:

Article 3 does not obligate the United States to provide any definite amount of military assistance or to make any specific contribution.

I ask whether the Senator agrees with this next sentence of the State Department:

It does, however, obligate the United States, as it obligates every other member of the North Atlantic Pact, to adhere to the principle of mutual aid and to exercise its own honest judgment in contributing what it most effectively can to implement the mutual-aid principle.

Does the Senator agree with that?

Mr. DULLES. Yes.

Mr. DONNELL. I ask the Senator whether he agrees with this opinion of the executive branch, as expressed in the next sentence of the State Department's booklet:

It is the opinion of the executive branch of this Government that the United States can best contribute to the collective capacity for defense of the North Atlantic area by providing military assistance—

Does the Senator agree with that expression of the opinion of the executive branch of the Government?

Mr. DULLES. I do not know what is meant by the State Department when it uses the term "military assistance." If it means that we must make a contribution to the defense of the area, I, of course, agree that we should give military assistance. But, to repeat, the idea that this treaty requires us to build up a military establishment in each one of the 11 other countries is, I think, a fantastic interpretation of the treaty, and I think great harm is done by pressing that construction. The first thing we know representatives of other nations will be around saying, "Well, we are entitled to get this, because the honorable Senators X, Y, and Z said that is what the treaty meant." I do not think for a moment that is what the treaty means, and I believe it is a completely false interpretation and a dangerous interpretation to put on the treaty.

Mr. DONNELL. Mr. President, if the Senator will yield for this further question, I am not certain what his response was to the Senator from Ohio, as to whether he agrees with this sentence in the Department of State bulletin:

Not until we share our strength on a common defensive front can we hope to replace this temptation with a real deterrent to war.

Does the Senator agree with that statement or not?

Mr. DULLES. I am inclined to agree with it, yes.

Mr. DONNELL. In regard to the next sentence, to the effect that the agreement or that the North Atlantic Pact—I will read it verbatim:

The North Atlantic Pact is an agreement on the policy of a common defense; its very vital corollary is a program of military aid.

Does the Senator agree with me that the word "vital" means life-giving, and that a corollary is a proposition following so obviously from another that it requires little or no demonstration? Does the Senator agree with me in those definitions of the terms?

Mr. DULLES. I may say to the Senator I do not think I should attempt to explain any qualifying terms which were used by the State Department. I have given my own views about the treaty, and I have expressed them. I am prepared to defend them. But I do not want to go into the field of defending or explaining other people's language.

Mr. DONNELL. I thank the Senator.

Mr. WILEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. DULLES. I yield.

Mr. WILEY. I wish to say to the distinguished Senator from New York that I have listened very attentively to everything he has had to say, I think he has taught this body considerable history. I was one who got a great deal of profit out of the way he developed the march of events. I want to express my gratitude for a job well done. I want to ask a few questions. I know that neither the Senator nor anyone else can look around the corner of the future and, with any degree of certainty, say just what will happen



tomorrow. I know that the Senator personally has become acquainted with the leaders of the various nations belonging to the United Nations, and so I enjoyed that part of his remarks wherein he very clearly told us what the Russian leaders were planning to do and how they infiltrated and worked. The first question I want to ask the Senator is, If we should fail to ratify the pact, what effect would it have (a) on the world, (b) particularly on the Russian leaders, and (c) particularly on the cosigners of the pact, in his judgment?

Mr. DULLES. I have very clear ideas as to what the consequence would be. I would not want to give the impression that in my opinion the pact has to be ratified merely because it has been negotiated. It may be, and often is, that the negotiation of a pact gives rise to a situation which makes it difficult for the Senate thereafter to act. But, personally, I have such a profound respect for our system of government that I would hesitate at any time to say to the Senate that, merely because a treaty has been negotiated, therefore the treaty had to be ratified. I believe the Senate must preserve its freedom when it comes to ratification. But I may say to the Senator that if the impression became prevalent that this country was turning its back on the way of international cooperation upon which we have been going for the past 2 years, in my opinion the consequences would be very disastrous. I think it would be disastrous, not primarily or exclusively to others, but it would be disastrous to ourselves. As I point out, without that cooperation, the other free countries of the world would almost surely fall. We, ourselves, would be encircled and eventually strangled.

Mr. WILEY. Does the Senator want to say what, in his opinion, the particular effect of that action would be on the Russian leaders?

Mr. DULLES. I think I said in my earlier statement to the Senate that in my opinion the slightest sign of that would involve a revival of the cold war in its full fury with greater chance of success than ever before. The greatest defense against this type of cold war is hope, and we have created hope. If we cast down that hope, then I think there is very little to resist the cold war. I deprecate greatly the idea that the only content of the Atlantic Treaty is arms. The greatest content of the treaty is hope, confidence. That is a thing which I think we must preserve for our own sakes.

Mr. WILEY. And if we did not ratify the treaty, it would amount to a crucifixion of the hopes in the minds of the nations who are cosigners of the treaty; would it not?

Mr. DULLES. I believe so.

Mr. WILEY. I should like to ask the Senator another question. There has been some reference in the debate to a third world war. With the Senator's large background and experience, does he think the ratification of the pact would contribute in any degree toward war, or would it lessen the chances of war?

Mr. DULLES. I think it will greatly lessen the chances of war, assuming it

is carried out in the spirit which is intended.

Mr. WILEY. Is it the Senator's opinion that the Russian leaders know definitely that this country does not want war and will not engage in a war of aggression, but will fight in defense of its principles and freedom?

Mr. DULLES. I would not dare to answer the question of what they know or think. They are so frightfully misinformed in the Kremlin that it is highly speculative to guess what they think. It is conceivable that they may take a false view of the United States. Of course, as the Senator knows, the Soviet doctrine is that capitalism is inherently a war-making system, and they may have taught that sufficiently so that they may believe it as a matter of doctrine; I do not know. But that is the reason I do not care to answer the Senator's question categorically.

Mr. WILEY. It has been my idea, in view of the facts abroad in the world, that the pact would be complementary to the United Nations, and would not in any way weaken the United Nations. I believe the Senator stated that his idea is, if we agreed to the pact, it would strengthen the United Nations. Is that correct?

Mr. DULLES. I said that; yes.

Mr. WILEY. The position has been taken on the floor that what is needed is an extension of the Monroe Doctrine to include all territory included in the pact. It was stated that if there were a violation of the doctrine, we would fight. What distinction does the Senator see between that position and the position taken in the pact? The pact contemplates establishing a consultative group and acting in any emergency that might arise. If we extended the Monroe Doctrine—I mean, on an effective basis, not on any mere legalistic basis—

Mr. DULLES. The Senator means, What is the difference between this pact and the Monroe Doctrine?

Mr. WILEY. If we extended the Monroe Doctrine to all the territory included in the North Atlantic Pact.

Mr. DULLES. One advantage of the pact, as against a unilateral declaration, is that we acquire dependable allies—at least, in my opinion, they are dependable. Whether any allies are ever dependable, I do not know. But in the light of history, if the parties realize and believe that they have to defend the same things we have to defend, I believe they are dependable, and in that way I believe we get a much more effective unity and defense than that which we would get by a purely unilateral declaration. Above all, I believe it is possible, with definite commitments of this sort, to obtain a solution of the problem of Germany. We keep forgetting the problem of Germany. In my opinion, over the next 5 or 6 years we are going to realize that it is a more serious problem, perhaps, than is even the problem of the Soviet Union. It is necessary in that case to find a way of bringing the German people clearly within the orbit of the West. If we do not do that, they will go to the East; and if there is a union of Russia and Germany, the whole situation in Europe is lost. But the peoples who have

been the victims of German aggression will not bring the Germans into their intimacy unless there is added dependably the strength of the United States.

Mr. WILEY. If this pact should become the law of the land, it is the Senator's opinion that it would give us a lever by which to work out the German problem, which we would not have if we simply made a declaration like that of the Monroe Doctrine.

Mr. DULLES. That is correct. I talked with the Minister of Foreign Affairs of France last month about bringing Germany into the Council of Europe. I think the western German Government should be brought into the Council of Europe. But France is not willing that that should be done unless there is something like the North Atlantic Pact.

Mr. WILEY. We fought two World Wars without notifying the world beforehand that we would fight or permit ourselves to be drawn in. The Senator has been acquainted with what we call the "ground" over there; he has been in contact with the peoples of the various nations, including representatives of the Russian Government. I am wondering what effect, in the Senator's opinion, psychological or otherwise, the execution of this pact would have upon the potential aggressors in the world.

Mr. DULLES. I think it would be a great deterrent.

Mr. WILEY. I thank the Senator.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. DULLES. I yield to the Senator from Utah.

Mr. WATKINS. I am very much interested in the statement about what the effect will be on Germany. I am wondering if the Senator has taken into consideration the fact that Germany is to be stripped and is being stripped of all industries which might be used for the rebuilding of armaments, and that she is being completely disarmed, not only by taking her arms, but taking away all the means of providing arms, so that she will not be able to manufacture planes or operate any planes except a few for commercial purposes. Is there any reason why, with France armed, with Belgium armed, and with England armed, a completely disarmed Germany should be a problem to them?

Mr. DULLES. What the Senator says reminds me of what was said, almost exactly, in the last 1920's. Germany was disarmed under the Treaty of Versailles, just as completely as she is disarmed at this time. She was not allowed an airplane, a submarine, or to put up an arms factory. What happened? I have been through that once, and no one can trick me about it a second time. I helped to write the provisions of the Treaty of Versailles and I saw how futile they were in the great march of events.

Mr. WATKINS. Under the League of Nations it was provided that there would be a group of inspectors to check Germany to see that she was not being rearmed.

Mr. DULLES. That was all under the Treaty of Versailles; yes.

Mr. WATKINS. France had a very large standing army, a very heavy force,

probably the greatest in the world at that time. Is that correct?

Mr. DULLES. Yes.

Mr. WATKINS. What was lacking was the will to see that the treaty was carried out. The lack of will was in France, in Great Britain, and in other countries which had the power to have stopped Germany's rearming. Is not that correct?

Mr. DULLES. No.

Mr. WATKINS. Are we going to take the Allies with us in seeing that Germany is disarmed, or are they going to be dependent on the United States to see that Germany does not rise again? Are the other countries going to have a share of the responsibility?

Mr. DULLES. No treaty in regard to Germany will guarantee peace, unless it be a treaty which in essence is self-enforcing. We cannot depend upon written words being enforced. What do I mean by "self-enforcing"? I mean that we must bring Germany into the orbit of a peaceful community where the German people have an adequate outlet for their energies and ambitions along peaceful lines. If they can act affirmatively with peaceful intent, the people will accept it, but if we rely merely upon a prohibition, that system always fails.

Mr. WATKINS. Is there any reason why Germany cannot be brought into that sort of an arrangement?

Mr. DULLES. Yes; provided there is the North Atlantic Treaty.

Mr. WATKINS. Without the North Atlantic Treaty?

Mr. DULLES. I see no possibility whatever.

Mr. WATKINS. I invite attention to article 3, which has been discussed. I want to see if I clearly understand it and if I have summarized correctly, what the Senator says the treaty does not bind us to do. Is this a fair summary of what the Senator has said?

Nothing contained in article 3 or any other part of the treaty creates a legal or moral obligation on the part of the United States to furnish or supply arms, armaments, military, naval, or air equipment, or supplies to any other party or parties to said treaty.

Mr. DULLES. Unless that is deemed meritorious of itself.

Mr. WATKINS. Is that a fair summary of the Senator's position that that is what the article means?

Mr. DULLES. Yes.

Mr. WATKINS. I call to the Senator's attention the fact that that is the exact wording of a reservation I have proposed to the treaty, and I ask again if that is a correct statement of what the Senator thinks the treaty means? Would there be any harm done in adopting that kind of a reservation?

Mr. DULLES. There would be great harm, I think, even disastrous harm, in adopting it, because, in my opinion, it is quite unnecessary. There are 15 or 20 important interpretative statements in the extremely able and thorough report of the Senate Committee on Foreign Relations. I think it is appropriate to make such expressions of interpretation, but I do not believe that in a treaty which has been negotiated and ratified by many parties it is appropriate to at-

tach a reservation merely to express in other language what is already contained in the treaty.

Mr. WATKINS. If there is a dispute as to what it means, and if it appears that the other parties to the treaty have a different understanding, does not the Senator think it would be wise to have language written into a reservation which would make the treaty mean the same thing in Copenhagen, Oslo, London, and Paris, as in Washington?

Mr. DULLES. That is an "if" which does not fit the facts. I have never heard anyone, except on the floor of the Senate, suggest that the treaty means other than what is there stated, and that it gives every one of those nations the right to come to us and demand arms, as of right.

Mr. WATKINS. Was the Senator here yesterday when the senior Senator from Ohio read the dispatch from Mr. Sulzberger, correspondent of the New York Times, I think dated in one of the Scandinavian countries, in which he quoted either the Prime Minister of Norway or Denmark, or both, to the effect that they considered this pact more or less as an account on which they could draw, and they were surprised they were not already getting arms, or provisions had been made for them to get arms?

Mr. DULLES. I heard that.

Mr. WATKINS. That is later than any time the Senator has had occasion to talk with any of these prime ministers, is it not?

Mr. DULLES. It is later, but it is not as reliable.

Mr. WATKINS. I would not dispute the word of the distinguished junior Senator from New York, but from what I have seen in the conduct of the prime ministers, and the countries they represent, there seems to be an impression overseas, among the signatories to the pact, that there is some kind of a commitment of armed assistance. I call the Senator's attention to the fact that every one of these men, as I recall, at least a majority of them, when they were here as the representatives of their countries to sign the pact, had applications in for armed assistance, and the program was considered. I think it was referred to by General Bradley, Secretary Johnson, and others, in testimony before the Committee on Foreign Relations. They had in requests, and there was a kind of a program which I believe totaled up to \$1,120,000,000.

With that kind of a situation, and a proposal being readied and sent to the Committee on Foreign Relations, does not the conduct of these people indicate very clearly that that is what they think the compact means, that it does contain some kind of a commitment for armed implementation?

Mr. DULLES. No. If the Senator says, Do these people expect to get some arms, I will say that some of them do, but if he asks me whether they think they are entitled to them under the treaty as a right, the answer is "No."

Mr. WATKINS. Then, why would it hurt them in any way to say this treaty does not mean we are going to furnish them any arms?

Mr. DULLES. I did not say we were not going to furnish them.

Mr. WATKINS. I say, if there is no moral or legal commitment under this pact to give them any arms, how can it possibly hurt if they so understand it? We have seen evidence to the contrary, but the Senator thinks that is their view. How could they be hurt if a reservation of this kind were adopted?

Mr. DULLES. There would be some damage, because, as the Senator knows perfectly well, if the reservation should be adopted, it would require the treaty to go back through the entire process of renegotiation and resubmission. That is a serious step to take, and it is a step which should not be taken unless there were greater ground for it than seems to be the case.

Mr. WATKINS. It has never caused any great difficulty in connection with treaties heretofore negotiated which had reservations attached; has it? I call the Senator's attention to the so-called Mexican Water Treaty. Reservations were attached to that treaty on both sides. It did not take any great time to take care of that. The treaty was finally adopted. It need not cause much difficulty where parties are seeking to have a thing done. It seems to me that it would be much better to decide this question now, and have it understood, than to try to debate later whether the treaty means one thing or another. Would not the Senator agree with that statement?

Mr. DULLES. No; I would not.

Mr. WATKINS. Let me call attention to article 5. I did not hear the first part of the Senator's address, I am sorry to say; I am sure I missed something on this subject. I wonder if the Senator still has the same view of what article 5 means which he entertained when he appeared before the Committee on Foreign Relations. Let me call his attention to the record on that point. Referring not only to article 5, which I think was under discussion, but also to the rest of the treaty, the Senator said:

The proposed treaty poses clearly the issue of certainty and immediacy. It says that an armed attack against one of the parties in the North Atlantic area "shall be considered an attack against them all." That seems to me to be reasonably plain English. It means, I take it, that an armed attack upon Denmark, for example, is hereafter to be treated by the United States as an attack upon it.

Mr. DULLES. That is still my view.

Mr. WATKINS. That an attack on Denmark would be considered the same as an attack on the United States. That is still the Senator's view?

Mr. DULLES. It is.

Mr. WATKINS. What the Senator had in mind when he said that this treaty "poses clearly the issue of certainty and immediacy" was in line with what the theory of the treaty seems to be, namely, that in the event any aggressor attempts to make an armed attack on any of the signatory nations there will be overwhelming force employed by the other signatories immediately and surely. That is the purpose of the treaty, is it not?

Mr. DULLES. What did the Senator say—"immediately," and what?



Mr. WATKINS. And surely. I could have left out the word "surely," and perhaps it would have been better. There will be no doubt about our going immediately with this overwhelming force, will there?

Mr. DULLES. I took those words out of the report of the Committee on Foreign Relations, or perhaps out of the language of the resolution which was adopted in June 1948, the so-called Vandenberg resolution.

Mr. WATKINS. It is the Senator's view that the treaty does set up an organization which will assure, certainly and immediately, overwhelming action against any aggressor against any 1 of the 12 nations?

Mr. DULLES. When the Senator says "overwhelming action"—

Mr. WATKINS. I wanted to employ the language used by some of those who tell us about how strong this pact will be and what a deterrent to war it will be. At least an aggressor is going to meet this great force bound up in the group of nations known as the North Atlantic group. The Senator went so far as to say, did he not, that if there were any doubt as to whether there was going to be any action, it should be debated now. I call his attention to a quotation from his testimony:

If there is any doubt what we are going to do under those conditions, I think the time to debate that is now.

The Senator meant by that, did he not, before the treaty was signed, or at the time it was being signed?

Mr. DULLES. That is correct.

Mr. WATKINS. The Senator continued:

Once war starts we can't afford to have that great debate because it is too costly and the enemy gains too great an advantage.

Is that still the Senator's view?

Mr. DULLES. Yes.

Mr. WATKINS. And the Senator feels that this treaty does commit us to treat an attack upon any one of the other signatory nations the same as an attack upon ourselves, and that we should act in the same way, respond in the same way—I do not mean in every detail, but in the same general way—as in the case of an attack on us.

Mr. DULLES. The Senator starts out with accurate expressions, but spoils it by putting in something else.

Mr. WATKINS. What I mean is to bring out the inevitable conclusion. Sometimes one starts out with something and then concludes with something else he does not necessarily have in mind when he starts.

Mr. DULLES. The treaty says that an armed attack against one shall be considered an attack against all. I think that is what the treaty means.

Mr. WATKINS. The Senator still stands by that?

Mr. DULLES. Yes.

Mr. WATKINS. I also understood the Senator to say in his testimony before the Committee on Foreign Relations that Congress would still have the right to declare war, and we would have to go through with our constitutional processes. Is that correct?

Mr. DULLES. I said that in my opinion the treaty did not change the constitutional balance of power between the President and Congress.

Mr. WATKINS. Does the Senator think a fair statement of the constitutional position in which the United States would find itself would be as follows:

The United States assumes no obligation to restore and maintain the security of the North Atlantic area or to assist any other party or parties in said area, by armed force, or to employ the military, air, or naval forces of the United States under article 5 or any article of the treaty, for any purpose, unless in any particular case the Congress, which, under the Constitution, has the sole power to declare war or authorize the employment of the military, air, or naval forces of the United States, shall by act or joint resolution so provide.

Is that a correct statement of the position in which the United States actually is?

Mr. DULLES. No; I think it is not correct.

Mr. WATKINS. What is the Senator's position?

Mr. DULLES. I do not wish to yield to the extent of becoming involved in a long discourse, a law lecture, so to speak, about the constitutional twilight zone in this area between the President and the Congress.

Mr. WATKINS. I had no intention of bringing that up. I merely wanted to know whether the Congress would actually have to declare war before the armed forces of the United States could be used in event of an attack upon any of the other signatories, other than the United States.

Mr. DULLES. There seems to prevail in some quarters a curious delusion that the whole world is bound by the Constitution of the United States, and that there cannot be war until Congress declares it. I wish that were the case. Unfortunately there can be war, and there have been wars, without the Congress declaring war. In the case of the last 8 or 10 wars we have been in, they were wars before Congress declared war. That can happen again.

Mr. WATKINS. Where the attack was made on us?

Mr. DULLES. Yes.

Mr. WATKINS. That, of course, is something which occurs. But this is a different story, when we are bringing in and making as a part of our territory the territory of some other government, of some other people. Does not that bring an entirely new principle into the situation?

Mr. DULLES. It might be said that it is comparable to the attack on Hawaii. There is nothing whatever in the Constitution which creates an obligation upon the Government of the United States to defend Hawaii. There is an obligation to defend the States if invaded, but nothing relating to Territories at all. But who doubted at all that the attack upon Hawaii was an attack upon the United States; and who doubted at all that the President of the United States had the right, even without wait-

ing for Congress to take action, to order our troops to return the Japanese fire?

Mr. WATKINS. Is it not true that Hawaii was not under a foreign flag, but under our own, that it was one of our outposts that might be considered a definite point of defense?

Mr. DULLES. That is quite true. It is also true that we have the right to consider, if we wish, that an attack anywhere which we think is against us can be treated as an act of war. There is no reasonable doubt in the mind of any person that if there is an armed attack upon the Atlantic community, whether it comes from the Soviet Union or whether it comes from Germany, that attack in reality is an attack against the United States. We would be the object of the attack. Everybody recognizes that fact.

Mr. WATKINS. Would that be recognized, let us say, 5 years from now?

Mr. DULLES. Yes.

Mr. WATKINS. How do we know it would be, with the constant changes and the fluctuations which have occurred in the foreign situation even during the last few years? We are entering into the realm of prophecy, are we not, when we say that the same conditions are going to exist 5, 10, 15, or 20 years from now. Will the Senator from New York yield for that question?

Mr. DULLES. I think I am through yielding. It is almost time to recess.

Mr. WATKINS. I thank the Senator for his courtesy.

Mr. DULLES. I will conform to the usual Senate procedure.

Mr. TAFT rose.

Mr. DULLES. I see the honorable senior Senator from Ohio wants to put a question to me.

Mr. TAFT. I wonder if the Senator from New York does not feel that this pact, with the arms provision, is more likely to be an incitement of Russia to war than a deterrent, taking the whole picture as one, regardless of obligations?

Mr. DULLES. That is a difficult question. In all frankness, I will say to the honorable senior Senator from Ohio that a good many people, including myself, shared doubt as to what the Soviet reaction would be when this treaty was first negotiated, and when Scandinavian countries were brought in. I say that doubt was shared by many responsible people.

Mr. TAFT. May I say that I think the Senator's own statement roused the first doubt in my own mind? It may have been in accord with what I was thinking at the time, but I think the Senator's statement aroused more doubt in my mind than any other statement which was made on the subject. I refer to the speech the Senator from New York made in Cleveland to the church group.

Mr. DULLES. I had a real doubt about that. I am bound to say that at the present time that doubt is somewhat resolved, and the present information I have about the conditions in Europe, and what I get from our military people about the disposition of Soviet forces, leads me to believe that the treaty will not be treated by the Soviet Union as provocative of war.

Mr. TAFT. The Senator said, as he well remembers—and I read from a news dispatch published in the New York Times on March 9, 1949.

JOHN FOSTER DULLES bluntly warned the negotiators of the proposed Atlantic Pact today to avoid all commitments that might be construed by the Soviet Government as "bringing United States military might" directly to Russia's Scandinavian border. At the same time he cautioned against permitting "military judgments" to dominate national policy.

While the Soviet Government has no present intention of resorting to war as an instrument of national policy, nevertheless, said Mr. DULLES, "it can be assumed that the Soviet state would use the Red Army if its leaders felt that their homeland was imminently and seriously threatened."

The Senator pointed out that military aid to Norway does provide American military might on the borders of Russia.

The Senator has changed his mind as to the dangers of the pact under those circumstances, has he?

Mr. DULLES. Not wholly so. In the first place, I have reason to believe that the warning which I gave at that time publicly, and which was a public expression of private views I had been entertaining, did perhaps have some effect upon the program which was under consideration with regard to Scandinavia. I do not think—and there were statements to that effect made—that it is now proposed to bring American military might directly to the borders of the Soviet Union. I made that statement in the hope that it would have some such result. I think it has had some such result, and in my opinion the risk of war is not so great as I thought it might be under other circumstances.

Mr. TAFT. Does the Senator feel that it was a mistake to include Norway and Denmark in the North Atlantic Treaty?

Mr. DULLES. It was my original view that the Atlantic Pact could more wisely have included, at least in the first instance, only the Brussels Pact countries, because in my opinion, I looked upon the Atlantic Pact as perhaps most useful in relation to helping to solve the problem of Germany, and I wanted to see the countries on the continent of western Europe built up, strengthened, and rendered less fearful in order to be able to proceed more quickly with the problem of Germany. I felt that bringing in the Scandinavian countries, and perhaps also Italy, involved precipitating what might be a second stage, and that it would have been better to concentrate first upon the Brussels Pact powers. But even though my views in that respect were not carried out, I do not think that the inclusion of these other countries, particularly in the light of what has happened since, is any adequate reason for not voting to ratify the pact.

Mr. TAFT. The Senator made a very effective argument with respect to that point. He said:

It would, indeed, involve a high tribute to Soviet leaders to assume that, under these circumstances, they would exercise more self-control than would our people under comparable circumstances, as, for example, if the Soviet Union had military arrangements with a country at our border.

And, of course, Norway has a hundred miles of frontier along with Russia in the north. Is not that a correct statement?

Mr. DULLES. Yes.

Mr. TAFT. The Senator feels, however, that that fear is not so great as he thought it was in March? Does the Senator think the conditions have changed?

Mr. DULLES. I think the situation has changed, yes.

Mr. TAFT. The Senator referred to military judgment. I wondered whence came the thesis he referred to at Paris, that we should reject any four-power consultation in the future. Does the Senator feel that was this military judgment which he felt should not dominate national policy?

Mr. DULLES. I do not think that there should be any attempt on the part of the United States artificially to stir up or maintain tension merely because it is believed that that is necessary to get the American people and the Congress to do the sensible thing. There are people who believe that we act only from fright. I believe we can act from reason and hope.

Mr. TAFT. Does the Senator think the whole arms program is perhaps the result of military judgments dominating national policy?

Mr. DULLES. To which arms program does the Senator refer?

Mr. TAFT. The program which the President announced he intends to submit to Congress, calling for an expenditure of \$1,450,000,000 to arm Norway, on the borders of Russia, as well as other countries.

Mr. DULLES. I have no doubt that the program reflects military judgment. It does not necessarily reflect my own.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. DULLES. I yield.

Mr. HOLLAND. First I should like to express my appreciation to the Senator for the clear and completely understandable exposition of this exceedingly complex question which he has given the Senate. I particularly like that portion of the Senator's exposition in which he gave answer to the question which was asked as to why this method of approach, through a pact, was superior to a unilateral declaration such as the Monroe Doctrine. In connection with that portion of his remarks I should like to ask the Senator a question predicated upon an observation which it seems to me might possibly add a factor to this entire discussion which I have not heard mentioned.

I recall that at the time of the signing of the pact on April 4, which was a highly dignified and encouraging occasion, attended by most Members of the Senate, Mr. Bendiktsson, Foreign Minister of Iceland, in making remarks on that occasion called attention to the fact that his country, which had had independent existence for 1,000 years or more, had not had any armed forces, and did not pretend to aspire to have any armed forces in the future. As I recall his statement, he made it clear that his country came into the pact both to show its moral agreement and accord with the purposes and objectives of the other sig-

natory parties, and also to make it clear that geographically the people of his country expected to lend their country to the joint purposes which were embraced in the objectives of the pact.

With that as a beginning, it seems to me that this question might well be asked at this time: Does not the Senator think that one of the very great superiorities of the method of approach in this instance, namely through the pact signed by the many countries in the community of the North Atlantic nations, over the approach through a unilateral declaration, is that through this approach there have been made available bases of operations from at least three countries who could add nothing, or very little, from a military standpoint? I refer to Iceland, Denmark, and Portugal, which have given assurances of vitally important bases in Iceland, Greenland, and the Azores, as well as other islands belonging to the Portuguese, which are of inestimable value in any plan for the defense of the North Atlantic area. Such a value could not possibly have entered into this program other than through a pact to which the owners of those areas were parties signatory.

I should appreciate a comment from the Senator on that particular point.

Mr. DULLES. I agree with that statement. That is in line with what I have said, that through an agreement we get a reliable relationship which is mutual, as against a purely unilateral declaration. I think this subject could perhaps have been approached in either way; and there are a good many arguments in favor of one as against the other. It is not entirely a clear proposition.

However, I remind the Senators of the fact that the Latin American countries became very much irked over the fact that the Monroe Doctrine was a unilateral declaration. They felt that it was undignified and put them in the position of being under a sort of protectorate. They did not like it. When the transition was made at the Rio Conference, at which the Senator from Texas [Mr. CONNALLY] and the Senator from Michigan [Mr. VANDENBERG] were representing us, and when that policy was finally transformed into a multilateral arrangement, it put all our relations with those people on a better basis than had been true under the Monroe Doctrine. There is an element of superiority about a declaration like the Monroe Doctrine which is resented by self-respecting, independent peoples who feel able and willing to make their contribution to the common goal.

Mr. MORSE and Mr. WHERRY addressed the Chair.

The VICE PRESIDENT. Does the Senator from New York yield, and if so, to whom?

Mr. DULLES. I yield first to the Senator from Oregon.

Mr. MORSE. Mr. President, I have only one or two questions to ask the Senator from New York. They deal with the question of moral obligation. I am sure the Senator from New York will agree with me that the American people are very sensitive when it comes to the question of carrying out their moral obligations. Whenever we as a people have



a moral obligation, we take pride in the fact that we live up to it.

I am inclined to think that there is a little misunderstanding and some confusion in the country in regard to the question of moral obligation in relation to the pact. I would appreciate it very much if the Senator would help me in my own thinking on the subject.

I intend to vote for the pact, feeling that in doing so my vote carries with it the moral obligation on the part of my country, in mutual aid of and cooperation with the other signatories to the pact, to do those things necessary to protect the members of the pact from aggression by any country which seeks to make war upon them. It seems to me that that is an underlying, inescapable moral obligation.

I am sorry that I am not putting this in the form of a question. I am putting it in the form which will be most helpful to me in my own thinking if the Senator from New York will make comment upon it when I finish this very brief observation.

That is one moral obligation which I think my country assumes the moment we ratify this pact. It seems to me that we cannot escape a moral obligation to give whatever military aid is within our power, consistent with our economic abilities, to assist any member of the pact militarily to protect itself from armed aggression on the part of any violator of the peace of the world.

I mean no criticism of any Member of the Senate, but I make these comments because it seems to me that there has been just a little failure to come face to face with what I think is the underlying moral obligation of this pact, which I think the Senator from New York stated very clearly in an example which he used in the course of his speech. He clearly pointed out that, after all, by ratifying this pact we are not taking on unilateral obligations. Exceedingly great obligations are being assumed by millions of people who will be much closer to the first firing line than we shall be in case war should break out. People who live in the very shadow of what we all know is the greatest potential aggressor in the world are willing to risk their all to make the first defense against the aggressor. That contribution of position on their part, if I may put it that way, carries with it the moral obligation on our part to support whatever arms program the facts may show is needed in order to see to it that the members of the pact are immediately protected from an aggressor.

With that explanation, I put this question: Is it not true that if and when we ratify this pact the American people should understand that we have undertaken a moral obligation under the pact to cooperate with all the signatories thereto in providing for the members of the pact the military defense necessary in order to protect us all against an aggressor?

Mr. DULLES. I agree with that statement. The important distinction to make, I think, is that the acceptance of the proposition which the Senator puts does not give any individual member the right to get any particular thing from any other member. The analogy is not

perfect, but if we take the case of the United States of America, no particular State has a right to get any particular armament within its borders to defend it from invasion.

Mr. MORSE. I agree.

Mr. DULLES. There is a responsibility of the whole which must be discharged honorably, but that does not give any particular member the right to demand any particular arms or aid for himself.

Mr. MORSE. I agree.

Mr. DULLES. Nor in my opinion does it require us to build up each one of these states so that it alone can defend itself by what is within its own territory. It may be that, just as the best defense of the State of New York may be something that is in the State of Maine or in the State of Florida, so the best defense of the North Atlantic community may be something that is in the United States. But certainly there is no right on the part of any particular member of the North Atlantic community to make any particular demands upon the others. There is a duty upon all of them to act as a part of that community and to carry out their common obligation to take steps for the best defense of all of them as a whole.

Mr. MORSE. I agree. Speaking for the record now, so far as the people of my State are concerned, I want the people of my State to know that when I vote to ratify this pact, I also believe that I am undertaking a moral obligation to vote, in the future, funds for the people of the United States to supply such military assistance as we can supply within our economy, without doing great damage to our economy, to protect all the members of the pact from a potential aggressor.

Therefore, I ask the Senator from New York whether I state the matter correctly when I say that when we go into this pact we do undertake an obligation to work out, with the other signatories to the pact, an area-defense program, to which we will make a contribution; and, of course, all of us know that necessarily, because of our great war-making potential, so far as production is concerned, it will be a substantial contribution to the area-defense program? Is that a correct statement?

Mr. DULLES. Yes; I think so.

Mr. FERGUSON. Mr. President, will the Senator yield to me for a question?

Mr. DULLES. I yield.

Mr. FERGUSON. I should like to ask the Senator from New York whether he feels that article 3 confers upon the Chief Executive any powers he does not already possess, insofar as it would permit him to give effective self-help and mutual aid. I ask that question for the reason that the Senator from New York has indicated that, without the pact, the United States Government has given aid to France—I believe the Senator from New York specified France; if he did not, I shall specify it—in other words, has given surplus arms, without an appropriation for that purpose.

I ask this question because there are many Senators who are concerned with the question of implementation of the treaty by arms, and they feel that they

are not bound to vote to implement it because there is no legal obligation or moral obligation to that effect, but that it is a matter of their conscience, after they become familiar with all the facts and circumstances. I should like to have the able Senator from New York tell us, for he has had a great deal to do with the formation of the pact and of the foreign obligations of the United States, whether he believes article 3 confers on the Chief Executive anything he does not already have.

Mr. DULLES. No; I think not.

Mr. FERGUSON. The Senator from New York is satisfied, is he, that under this pact the President would not be given any powers he does not already have, insofar as the supplying of arms or of effective self-help and mutual aid are concerned?

Mr. DULLES. Yes.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. DULLES. I yield.

Mr. WHERRY. If I correctly understood the question asked a moment ago by the distinguished Senator from Oregon [Mr. MORSE], it was the same one which I asked of the distinguished Senator from New York earlier in the afternoon. I simply wish to be sure that I understood him correctly, because he answered my question categorically "No," that there will be no obligation upon the part of the United States, if the Senate ratifies this treaty, to provide arms as mutual aid. Did I correctly understand the Senator's answer to my question?

Mr. DULLES. The answer to the question of the Senator from Nebraska, in my opinion, "No." But I understood the question of the distinguished Senator from Oregon [Mr. MORSE] to indicate a moral obligation to develop an area defense, which might or might not involve arms in any particular place. Was I correct in my understanding of the question of the Senator from Oregon?

Mr. MORSE. Mr. President, my question was this: Do we undertake a moral obligation to build up a program of area defense; and I think the record will show—if not, let me say now—that that will include, of course, considering our great capacity for the production of war matériel, making a substantial contribution through a defense establishment which will protect the nations against an aggressor.

Mr. DULLES. If the Senator says the United States will make a substantial contribution to the defense of the North Atlantic area, I certainly agree. The question of where that contribution shall be made is, I think, wholly an open question.

But I do not think there is any obligation at all under the treaty to send any particular force or strength to Norway or Denmark or France or the Benelux countries or to Portugal or any other place.

Mr. MORSE. Does the Senator from New York think there is any obligation, under the treaty, after the parties to it have worked out what they consider to be a necessary area defense, for our country to cooperate with them in carrying out that defense program; or would we violate an obligation if at that

time we said, "Well, we are sorry, but we do not propose"—for example—"to supply the number of airplanes the defense council thinks is needed in order adequately to defend the signatories to the pact"?

Mr. DULLES. Does the Senator mean that if the recommendation made under article 9 should call for sending American supplies to Norway or France, we would be free to reject the recommendation? In my opinion, we would be free to reject the recommendation on the ground that it did not effectively carry out the defense. I do not think we can repudiate the obligation of working out together a defense of the entire area.

Mr. MORSE. Does not the Senator from New York think there will be very great danger, under those circumstances, of our appearing in the eyes of the other countries of the world as insisting upon a unilateral determination of what an adequate defense program would be?

Mr. DULLES. I think we are entitled to exercise an honest judgment about the recommendations.

Mr. MORSE. I agree; but, in exercising that honest judgment, does not the Senator think that one of the operative facts necessarily must be an underlying moral obligation or commitment which we take unto ourselves when we ratify this pact, to become a cooperative member with the other signatories in effectuating a defense program which the other signatories are able to agree to, with our cooperating in its draftsmanship?

Mr. DULLES. Yes; but I do not like this moral obligation angle very much, because I think when one deals with treaties, and so forth, he deals with legal obligations rather than moral obligations. Moral obligations are rather loose things.

Mr. MORSE. I have the greatest respect for that point of view; but I would venture most humbly the suggestion that no treaty can ever be more than a scrap of paper, if it is to be bottomed only upon its so-called legal obligations. But I think the great strength of treaties such as this, and of other treaties, is that the parties have recognized the moral obligations underlying the treaties, which sometimes are not spelled out in crystal clearness in the language found in the treaties. So far as I am concerned, I am perfectly willing to vote to have the people of my country go along with the Atlantic Pact, on the assumption that there is an underlying moral obligation for us to engage in teamwork with the signatories to the pact, by way of cooperating to the end of taking the military steps necessary to protect any signatory to the pact from a potential aggressor.

I think that will involve—and I believe the American people should be told it will involve, particularly in the first few years of the 20-year period, until the other countries become economically rehabilitated, expenditures of huge sums of money for defense equipment, for military equipment, to be distributed among the signatory countries in accordance with whatever defense program the area council may work out. But I find difficulty in drawing the line of distinction between our being under no obligation to vote funds for military equipment, and

the moral obligation to which I feel at least we bind ourselves, when we approve the pact, to take such steps as may be necessary in cooperation with the Security Defense Council, to protect any member of the pact from the danger of potential aggression. I think it is necessary to do it, if we are going to have any chance of winning the peace through this pact. Unless Soviet Russia knows that the forces of America and of France and of England and of Norway will be thrown behind Denmark, and likewise, unless Soviet Russia knows that the forces of those countries, plus Denmark, will be thrown behind Italy, then I think it is a scrap of paper containing some very fine pronouncements, but with sinew in it only to the extent that we make clear we are going to back it up by what I think will be substantial appropriations for military assistance, if the trend in Europe shows a need to pour into that area necessary military equipment to make a very definite show to Russia that we mean business.

Mr. DULLES. If I thought the treaty meant that we had to build up on the continent of Europe a military establishment sufficient to withstand an all-out assault by the Soviet Union, I certainly would not vote for the treaty.

Mr. WHERRY. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Nebraska?

Mr. DULLES. I yield.

Mr. WHERRY. Then the Senator's answer to the distinguished Senator from Oregon is that we are under a moral commitment to carry out the obligations he has just expressed, is it not?

Mr. DULLES. Not as I now understand.

Mr. WHERRY. That certainly clears the record, because prior to this time I understood unequivocally that the distinguished junior Senator from New York said that there was no moral or legal obligation to provide arms under the mutual-aid provision of article 3. Am I correct?

Mr. DULLES. That is correct.

Mr. MORSE. Mr. President, will the Senator from New York permit me to offer just one observation on his last comment?

Mr. DULLES. I yield.

Mr. MORSE. I think the word "may" is of all importance in this conclusion. I want to say to the Senator from New York that I am not so sure that he would reach that conclusion if such a set of facts developed that it became obvious to the security defense council under the pact that an all-out show of force appeared to be necessary in order to check Russia. I am inclined to think, if that set of operative facts developed, that the Senator from New York probably would not make the statement he just made. If certain hypothetical situations began to develop into realities over there, necessitating our pouring in assistance, or it was decided by the security defense council that it would be wise as a defense matter to pour in tremendous military aid, I am inclined to think that under the terms of the treaty the Senator from New York would agree with the

junior Senator from Oregon that, if we are faced with that bridge, then we will cross it, and we will take the supplies over there.

The Senator sees what I am worried about. It may be my own confused thinking. But what I am worried about is that we make perfectly clear to the American people as we ratify the treaty, that we can give them no assurance whatever as to how much we may have to spend for military defense in Europe, 1, 2, 5, or 10 years from now, because that will depend on future events. I do not want anyone to come back to me on the record made today and say, "Well, on that day you took the position that the ratification of the treaty would never involve the expenditure of such a huge sum of money"—such a sum as we may discover 10 years from now we may have to spend within the terms of the pact and short of war. So possibly the Senator is certain what he would do under those circumstances, but when he says that if he thought it meant that we might have to arm Europe to the extent I am suggesting, he would not vote for the pact, I think he should reserve judgment until future events under the pact develop.

Mr. DULLES. I do not say that under some hypothetical case I might not do something. What I do say is that I do not interpret the pact today as requiring in any sense that we should build up independent military establishments in the signatory countries.

Mr. MORSE. The facts in Europe, as of now, do not show any such need. Is not that the case? Does not the Senator make that statement because, in his opinion, the facts in Europe, as of today, make it perfectly clear that it is not necessary to indulge in an expenditure of a vast amount? But the Senator is not saying, as I just understood him, that maybe, 2 or 3 or 5 years from now, we might not have to spend it.

Mr. DULLES. Yes. We may be in a war in 2 or 3 years from now.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. DULLES. I yield.

Mr. WHERRY. But the Senator from New York does not mean to state, does he, that additional facts might change the moral obligation under the treaty today?

Mr. DULLES. No.

Mr. WHERRY. No matter what facts develop, as I understand.

Mr. DULLES. Additional facts might change the expediency of doing one thing or other.

Mr. WHERRY. Or certain other action that the Congress might take, unilaterally or any other way, so far as the war is concerned. What I want to know, once again, is, Is there any moral commitment now, upon the conditions and the facts as we have them at this time, or could any set of facts change the condition, so that under the terms of the treaty, if it should be ratified, there would be a moral commitment, later on, or a legal obligation on the United States, to provide arms under the provision for mutual aid?

Mr. DULLES. In my opinion, no.

Mr. WHERRY. Mr. President, I should like to ask one more question.



The VICE PRESIDENT. Does the Senator from New York yield further to the Senator from Nebraska?

Mr. DULLES. I yield.

Mr. WHERRY. Does the Senator know about this arms program?

Mr. DULLES. The Senator asks, Do I know anything about it?

Mr. WHERRY. Yes—this \$1,400,000,000. The Senator has been all over the world, and he has heard all these discussions, and certainly he has been with the military, and certainly he has been in the places where implementation legislation may have been talked about. I ask the distinguished Senator, is he acquainted with any of the discussions about military implementation, and does he know anything about the \$1,400,000,000 appropriation which is about to be requested for the arms program?

Mr. DULLES. I was told something about it yesterday by the State Department. I asked for information; otherwise I would know nothing about it.

Mr. WHERRY. Up until then the Senator knew nothing about it; is that correct?

Mr. DULLES. That is correct.

Mr. WHERRY. So if the Senator had not been told about it yesterday, the Senator would not have known any more about it than does the junior Senator from Nebraska?

Mr. DULLES. That is correct.

Mr. WHERRY. From what the Senator understood, does he feel that he should support the arms program?

Mr. DULLES. Not unless I receive more information than I was given yesterday.

Mr. WHERRY. Of course, that is a typical answer, which is what we call here "the lateral pass." I ask the question in all seriousness. What I am trying to ascertain is whether it is in the mind of the Senator that before the arms implementation comes along it is necessary that we go into some sort of program with respect to it at this time.

Mr. DULLES. I see what the Senator means. I should not want to commit myself at the moment. There have been no hearings and no testimony has been adduced. My present impression is that the program which will be presented is at this stage excessive and unnecessary, and I should certainly feel free to vote against it in its present form. I might be persuaded to the contrary.

Mr. WHERRY. The Senator stated this afternoon that we are providing arms for different nations in Europe. We have provided arms for Greece, but it was news to me that we had provided military equipment for France. Can the Senator tell me any other country besides France which is now getting such aid?

Mr. DULLES. France is the only one of which I know.

Mr. WHERRY. Does the Senator know of any country in which there is contemplated military aid?

Mr. DULLES. Except as I heard something about the armament program yesterday.

Mr. WHERRY subsequently said: Mr. President, I ask unanimous consent that the remarks I am about to

make be placed in the RECORD at the point where I interrogated the junior Senator from New York relative to whether he had heard about and approved the \$1,400,000,000 arms program that had been released to the newspapers and was to be submitted by the President of the United States. In his colloquy with me on the floor the junior Senator from New York said he did not know anything about it until yesterday, as I recall his observation.

I thought, Mr. President, I had read about this matter in the New York Times. The New York Times for last Saturday carried this statement:

Referring to the reassurances given by the Senator from Texas [Mr. CONNALLY] as chairman of the Foreign Relations Committee, coincident with growing resistance to the \$1,130,000,000 arms program \* \* \* Senator JOHN FOSTER DULLES, Republican, of New York, called it "too big."

I regret that the Senator from New York is not now on the floor. I have placed this quotation from the New York Times in the RECORD in order to point out that evidently he must have known something about the program last Sunday, and in order that he might further refresh his memory and tell us for the record, if he can, at some later date, how he now feels about the matter, and whether he approves of the proposed \$1,130,000,000 arms provision.

#### AMENDMENTS TO HOUSING ACT OF 1949

Mr. SPARKMAN. Mr. President, out of order, and as in legislative session, I introduce a bill for appropriate reference.

There being no objection, the bill (S. 2246) to amend the National Housing Act, as amended, and for other purposes, introduced by Mr. SPARKMAN, was read twice by its title and referred to the Committee on Banking and Currency.

Mr. SPARKMAN. I ask unanimous consent that at the end of my remarks concerning this bill there be printed a statement which analyzes the bill.

The VICE PRESIDENT. Does the Senator refer to the bill which he has just introduced?

Mr. SPARKMAN. Yes. I ask that the analysis be printed at the end of my remarks.

The VICE PRESIDENT. Without objection, that may be done.

(See exhibit 1.)

Mr. SPARKMAN. Mr. President, on Friday of last week, the Senate adopted the conference report on Senate bill 1070, thus completing legislative action on the Housing Act of 1949. Of this action, the New York Times said in a Saturday editorial:

Congressional approval yesterday of the national housing bill is a victory for intelligent government and a milestone of social progress. The measure is certainly one of the most important that will be written into law by this Congress.

As Senators know, the Senate passed the Housing Act of 1949 by an overwhelming majority, and with strong support from Members on both sides of the aisle. I am sure that this commendation of our action by one of the world's most respected newspapers is gratifying to all the Members of the Senate. But, Mr.

President, I hope that it may also serve to remind us that the approval of the Housing Act of 1949 does not complete legislative action on all needed housing legislation. As the New York Herald Tribune pointed out in a highly complimentary editorial yesterday:

To applaud the passage of the housing bill does not necessarily mean that one feels the problem has now been solved and all that remains is to sit back and watch slums tumble down and edifices rise up in the wake of an avalanche of Federal dollars. Indeed, the Senate has already demonstrated its desire to solidify the program by passing additional legislation designed to stimulate the construction of privately owned homes.

Mr. President, in the Housing Act of 1949 we did not attempt to deal with all the main areas of the housing problem. The Housing Act of 1949 did not purport to be—and it was not presented by the Committee on Banking and Currency to the Members of the Senate as—legislation authorizing the full and comprehensive housing program that is needed. However, it was recognized that the principles and provisions contained in the Housing Act of 1949 had been thoroughly investigated and debated during the past 4 years, and that they represented a sound foundation for the necessary comprehensive housing program. Accordingly, Senate action was first directed toward the housing proposals contained in that act, which had been so thoroughly considered and upon which substantial agreement had already been reached.

Mr. President, as the Members of the Senate well know, in recommending favorable action on the bill for the Housing Act of 1949, in advance of consideration of other housing proposals then pending before it, the Committee on Banking and Currency had in mind specifically the need for additional housing legislation.

The other more urgent phases of the problem which required legislative action included—

First. Legislation to meet the special and urgent housing needs in the Territory of Alaska.

Second. Legislation to make possible the construction of rental housing on or near military establishments to meet the special needs of the Army, the Navy, and the Air Force.

Third. Legislation providing for needed modifications and improvements in the existing programs of FHA insurance of private mortgage investments in sales, rental, and cooperative housing, in order to give greater assistance and stimulus to increased production of privately financed housing of sound standards at more moderate sales prices and rents.

Fourth. Legislation dealing with the related question of necessary revisions in the Federal Government's secondary market facilities for the purchase, through the Federal National Mortgage Association, of veterans' home loans guaranteed under the Servicemen's Readjustment Act of 1944 and home mortgage loans insured under the National Housing Act.

Fifth. Legislation providing a practicable means of producing and making

available good housing for middle- and lower-middle-income families who are largely priced out of the new housing market.

Sixth. Legislation relating to the disposition of Lanham Act housing, consideration of which (except for the relatively small portion located on land controlled by educational institutions, which was covered by last year's so-called McGregor Act) was deferred last year until the first session of the Eighty-first Congress.

Seventh. Legislation authorizing Federal assistance to educational institutions to finance the construction of housing accommodations.

Mr. President, the Committee on Banking and Currency is a busy committee. But, under the leadership of our energetic and distinguished chairman, the senior Senator from South Carolina [Mr. MAYBANK], that committee has favorably reported, and the Senate has already passed, much of the needed housing legislation. The Housing and Rent Act of 1949 has been on the statute books for some months.

The Housing Act of 1949 will become effective when the President approves it in a few days. The Alaska housing legislation was approved some weeks ago. The Senate has passed the legislation to make possible the construction of rental housing on or near military establishments. Pending action on permanent legislation, temporary extensions of FHA insurance programs have been provided for, and the Senate has passed the bill to provide, temporarily, an additional authorization for the secondary mortgage market functions of the Federal National Mortgage Association.

Today I have introduced a comprehensive bill dealing with the remaining more urgent phases of the housing problem which require legislative action.

Mr. President, the bill which I have introduced is known as the Housing Amendments of 1949. It represents a great deal of work on the part of Members of our committee and on the part of the committee's staff. This work has been done at the suggestion of the distinguished chairman of the Committee on Banking and Currency, the senior Senator from South Carolina [Mr. MAYBANK]. With his able assistance and with the cooperation and assistance of other members of our committee, we have made very substantial progress in developing a bill which, I believe, merits the support of Members of the Senate on both sides of the aisle.

I have communicated with a number of individuals, with many of whom I am personally acquainted, who are engaged in various operations involved in private home financing and private home building. We did this for the purpose of getting first-hand information about the problems which they face and their practical suggestions for legislation which would help them in overcoming those problems. We have held a great many conferences with representatives of various interested groups. This has been most helpful in that it has given us a better knowledge of the particular problems involved, and has resulted in reconciling, to a very great extent, the widely

divergent views advanced initially by representatives of the various groups. I do not mean by this to imply that everyone will agree completely with every provision of the bill which I have introduced today, but I am thoroughly convinced that, in working out this bill, we have developed among the various interested groups broad areas of agreement where considerable disagreement existed before. We believe that, with the housing legislation already enacted, the bill which I have introduced today would provide the full, well-balanced, comprehensive housing program which is needed in order to make truly effective progress in overcoming the Nation's housing problem.

Mr. President, the bill which I have introduced today covers six main subjects:

First. The bill provides for the necessary improvements and modifications in the several mortgage insurance programs administered by the Federal Housing Administration in the Housing and Home Finance Agency.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Florida.

Mr. PEPPER. Does that provision pertain to rural areas, as well as urban areas?

Mr. SPARKMAN. Nonfarm housing. The farm title is carried under the provisions of Senate bill 1070.

In this connection I desire to comment very briefly on three features of this part of the bill which, I am sure, are matters of special interest to many of the Members of the Senate.

We have included amendments to title I of the National Housing Act which will replace the present provisions for the so-called class 3 loans for very modest-priced homes, and give these loans access to the FNMA secondary market, which heretofore they did not have. At present, the maximum amount of a loan as to which an institution may be insured against loss is \$4,500, whereas under this bill the maximum amount is \$4,750 and the insurance will run to the loan itself rather than to the lending institution, as is the case under the present law. We are convinced that, as a result of the improvements which the bill makes possible with respect to this type of loan, families in suburban and in outlying nonfarm and rural areas who need modest homes will be able to obtain the benefits of FHA insurance.

We have included amendments to facilitate and encourage the building of two-, three-, and four-bedroom homes of sound standards of construction, design, and livability in the price range of \$7,000, \$8,000, and \$9,000, respectively.

We have also included special provisions for FHA insurance of mortgage loans to housing cooperatives. These include provisions to assure special benefits to veteran members of such cooperatives.

Second. The bill provides for the necessary adjustments in the secondary market facilities for the purchase, through the Federal National Mortgage Association, of GI guaranteed and FHA-insured home loans. To encourage and assist the production of a larger volume of the more urgently needed types of

housing and to assist veterans and others in undertaking to provide housing for themselves through cooperatives, mortgage loans on lower priced housing, rental housing, projects of housing cooperatives, and GI guaranteed loans are exempted from the present limitation that only 50 percent of the eligible loans may be purchased from any one lender.

Third. The bill provides for the disposition of war and veterans' housing—both temporary housing and permanent housing—and includes provisions to make possible the transfer of 120 permanent housing projects to the localities concerned for use as low-rent public housing. For the information of the Members of the Senate, I desire to state that out of the total of about 191,000 permanent housing units provided under the Lanham Act, about 143,000 remain to be disposed of. The 120 projects which this bill would permit to be transferred to the localities for use as low-rent public housing contain about 32,000 of these remaining 143,000 permanent housing units.

Incidentally, Mr. President, I do not believe that I would be entirely fair if I failed to commend the Housing and Home Finance Administrator for the obviously careful and detailed study and investigation which preceded his excellent recommendations to your committee in these three important areas.

Fourth. The bill provides a means whereby housing of sound standards of design, construction, livability, and size for adequate family life, in well planned, integrated, residential neighborhoods, can be produced and made available for families of moderate income who cannot afford to pay the rents at which comparable dwellings in new privately financed housing are currently being made available in their locality. For this purpose, the bill provides for a \$1,000,000,000 program of direct loans, for long terms and at a low rate of interest, for housing projects undertaken by cooperative ownership and other nonprofit housing corporations.

Fifth. The bill provides for necessary modifications in the veterans' home loan guaranty program under the Servicemen's Readjustment Act of 1944. It permits loans for the purchase or construction of a home to be guaranteed in an amount not to exceed 60 percent (as compared to the present 50 percent) of the loan if the aggregate amount of any such loan so guaranteed does not exceed \$7,500—as compared to the present limitation of \$4,000. It requires the Administrator of Veterans' Affairs to prescribe minimum construction standards applicable to housing for which loans to veterans are guaranteed by him. Because we feel that the improvements which the bill makes in connection with loans guaranteed under the GI program will give veterans loans at an interest rate of 4 percent, the bill repeals section 505 (a) of the Servicemen's Readjustment Act of 1944, since the rate of interest on the principal loan is 4½ percent when section 505 (a) is used for a second loan. It provides that if, because of the unavailability of private capital for financing the purchase of homes by veterans, the purposes of the home loan guaranty



provisions of the act are not being accomplished, the Administrator of Veterans' Affairs may make loans to eligible veterans on the same terms. For this purpose, a \$300,000,000 loan authorization is provided. The authority to make such direct loans would expire on June 30, 1951.

Sixth. The bill provides for loans, at an interest rate of 2½ percent and 40-year maturities, to educational institutions to finance the construction of needed dormitory and family dwelling housing accommodations.

Mr. President, for the information of the Members of the Senate, I have had prepared a section by section summary of the bill, which I have already obtained unanimous consent to have printed in the *RECORD* at the end of my remarks.

Mr. President, there have been a great many bills introduced by Members of the Senate dealing with these main subjects.

On the subject of needed improvements and modifications of the mortgage-insurance programs under the National Housing Act, various proposals have been sponsored by the senior Senator from South Carolina, Mr. Maybank, the then senior Senator from New York, Mr. Wagner, my colleague, the senior Senator from Alabama, Mr. Hill, and the junior Senator from Alabama, Mr. Sparkman, the senior and the junior Senators from Louisiana, Mr. Ellender and Mr. Long, the senior Senator from Pennsylvania, Mr. Myers, the senior Senator from Florida, Mr. Pepper, the junior Senator from New Hampshire, Mr. Tobey, the junior Senator from Vermont, Mr. Flanders, and the then junior Senator from New York, Mr. Ives.

Many of these bills also dealt with the problem of the secondary market operations of the Federal National Mortgage Association. Moreover, the senior Senator from Utah [Mr. THOMAS] and the junior Senator from Alabama had introduced separate bills on this important subject. We had also both introduced bills with respect to the question of direct loans to veterans unable to obtain private loans guaranteed under the Servicemen's Readjustment Act.

With respect to the disposition of Lanham Act housing, bills relating to particular projects had been introduced by the senior Senator from Florida [Mr. PEPPER], the junior Senator from Utah [Mr. WATKINS], the senior Senator from Colorado [Mr. JOHNSON], the senior Senator from Nebraska [Mr. BUTLER], and the senior Senator from Connecticut [Mr. McMAHON]. Undoubtedly a great many other Senators would also have introduced bills on this subject except for the fact that the able chairman of our committee later gave assurance that we would endeavor to deal with this problem by general legislation along the lines provided in the bill which I introduced today.

On the matter of insurance of loans to housing cooperatives, with special benefits to veteran members thereof, the junior Senator from Tennessee [Mr. KEFAUVER] had introduced a very comprehensive measure, and the bill introduced under the joint sponsorship of the junior Senator from Vermont [Mr. FLANDERS], the junior Senator from New Hampshire [Mr. TOBEY], and the then junior Sena-

tor from New York [Mr. IVES] provided for a \$3,000,000,000 program of direct loans, at a low rate of interest and for long terms, for housing cooperatives as a means of securing good housing for middle-income families.

With respect to the matter of financial assistance to educational institutions to finance the construction of dormitory and family dwelling housing accommodations, there were several bills providing loans and grants, or loans, to educational institutions for this purpose. The senior Senator from Florida [Mr. PEPPER] and the junior Senator from West Virginia [Mr. NEELY] had a proposed amendment to S. 138 for this purpose. The junior Senator from Minnesota [Mr. THYE], the then junior Senator from New York [Mr. IVES], and the junior Senator from Connecticut [Mr. BALDWIN], have a somewhat similar amendment to S. 712. The junior Senator from Vermont [Mr. FLANDERS] and the junior Senator from Alabama have also introduced an amendment to S. 712 to authorize loans to educational institutions for this purpose.

Mr. President, I desire to express to the Senators who sponsored these bills, and to the many other Members of the Senate who have discussed these problems with me, my appreciation for their interest in these problems and for their helpful and constructive suggestions as to how we might best meet these problems. I believe that there have been incorporated in the bill which I introduced today the best features of these other bills and the many suggestions made to us by other Members of the Senate.

Mr. President, in closing I wish to call attention to the fact that, in reporting favorably the bill for the Housing Act of 1949, the able chairman of our Committee on Banking and Currency, the senior Senator from South Carolina [Mr. MAYBANK] gave to all those who had shown such a vital interest and concern about these various proposals, on which we had already heard testimony, assurance that our committee would act upon those matters which it could agree are urgently required if this country is to have a truly effective housing program. The bill which I have introduced today brings us to the last step in carrying out that assurance, and it is a tribute to his able and energetic leadership.

I express the hope that the Banking and Currency Committee may soon report this measure to the Senate, that it may receive early approval by the Senate, and, indeed, by the Congress. With its enactment into law we shall be able to say for the first time that we have a well rounded out and comprehensive housing program—in the words of the declaration of policy of the Housing Act of 1949, "looking toward the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family."

#### EXHIBIT 1

SECTION BY SECTION SUMMARY OF THE HOUSING AMENDMENTS OF 1949 INTRODUCED BY MR. SPARKMAN, JULY 12, 1949

#### TITLE I—AMENDMENTS OF NATIONAL HOUSING ACT

This title consists of various amendments to the National Housing Act which affect

mortgage insurance programs administered by the Federal Housing Administration and the secondary-market program of the Federal National Mortgage Association.

#### Section 101

The present authorization under title I of the National Housing Act to insure lending institutions against loss up to 10 percent of their advances on home modernization and repair loans and small loans (not exceeding \$4,500) for new structures expires on July 1, 1949, and would be extended temporarily until September 1, 1949, by S. 1070. This section would extend that authorization until July 1, 1952. However, this section would repeal such authorization with respect to loans for the construction of new homes (title I, class 3 loans) and would reduce the ceiling for title I loans for new structures from \$4,500 to \$3,000, in view of the new mortgage insurance program which would be established by section 102 of the bill.

Section 101 would also provide a limitation of \$1,250,000,000 on the total amount of outstanding loans (other than mortgages insured under provisions added by section 102) to which title I insurance is granted. This would be in place of the present limitation which is based primarily upon the amount of FHA liability rather than the amount of the outstanding loans. The present limitation provides that the total liability which may be outstanding at any time plus the amount of claims paid (since 1934) less the amount collected from insurance premiums and other sources and deposited in the Treasury shall not exceed \$200,000,000.

#### Section 102

In place of the title I insurance of financial institutions with respect to small loans for new home construction, section 102 of the bill would provide a new mortgage insurance program for loans of similar amounts independent of the present title I insurance system. This authorization would be provided in a new section 8 of the National Housing Act and would be patterned after the regular mortgage insurance for low-cost homes under section 203 (b) (2) (D) of the act. Thus, unlike title I class 3 loans, the mortgage loan itself would be insured under section 8, the application would be processed by FHA, there would be FHA inspection and appraisal, and the FNMA secondary market would be applicable to such mortgages to the same extent as other FHA insured mortgages. However, mortgage insurance under the new section 8 would differ from insurance under section 203 (b) (2) (D) in the following respects:

1. Instead of the dollar mortgage limits in section 203 (b) (2) (D) of the act, as described below, the dollar mortgage limit in section 8 (b) (2) would be \$4,750 where the mortgagor is the owner-occupant and \$4,250 where the mortgagor is the builder.

2. In place of the requirement in section 203 of the act that the Federal Housing Commissioner find the project "economically sound," section 8 (b) (2) would require that he find the project to be an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas.

3. Unlike section 203 of the act, section 8 (b) would allow the Commissioner, in his discretion, to permit the mortgagee to collect a service charge from the mortgagor in view of the small amount of each loan involved.

4. The new section 8 of the act would not contain provisions with respect to mutuality or classification of mortgages such as found in section 205 of the act. Section 8 would be independent of the mutual mortgage insurance fund established under title II of the act. A new title I housing insurance fund would be created by section 8 (h) as a revolving fund for insurance under section 8, and

the Commissioner would be directed to transfer to such fund the sum of \$5,000,000 from the present title I account in the Treasury. Section 8 (a) would provide that the aggregate amount of all mortgages insured under section 8 and outstanding at any one time could not exceed \$500,000,000.

#### Section 103

This section would give the President the authority to increase the total insurance authorization under title II of the National Housing Act by \$1,500,000,000. This increase would be in addition to the \$500,000,000 increase which would be provided by the Housing Act of 1949 for a temporary period.

#### Section 104

Subsection (a) of this section would amend section 203 (b) (2) of the National Housing Act (relating to the maximum obligations of mortgages insurable under sec. 203 of the act) to simplify the provisions therein and to provide for increased maximum mortgage amounts for low-cost dwellings with three or four bedrooms. Paragraph (D) would be amended to provide for a maximum mortgage amount not to exceed \$6,650 and not to exceed 95 percent of the appraised value of a single-family dwelling approved for mortgage insurance prior to construction. Such dollar-amount limitation could be increased by not exceeding \$950, in the case of a three-bedroom house, or \$1,900 in the case of a four-bedroom house, where the Federal Housing Commissioner finds it is not feasible to produce three- and four-bedroom homes of sound construction within the normal dollar limitations. The Commissioner would also be authorized to provide that such dollar ceilings shall be fixed at lesser amounts where he finds for any area or at any time that it is feasible, within such lesser amount limitations, to construct dwellings of sound standards for families of lower income. As paragraph (B) would become obsolete, provision is made for its repeal. (Par. (B) now provides for a maximum mortgage amount not to exceed \$6,300 and not to exceed 90 percent of appraised value, and par. (D) now provides for a maximum mortgage amount not to exceed \$6,000 and not to exceed 90 percent of appraised value, or 95 percent where the Commissioner determines it would not contribute to substantial increases in costs.)

This subsection (a) would also amend paragraph (C) of section 203 (b) (2) of the National Housing Act to provide a maximum mortgage amount not to exceed \$9,450 (as contrasted with the present \$9,500) and not to exceed the sum of 95 percent of \$7,000 of the appraised value plus 70 percent of such value in excess of \$7,000 and not in excess of \$11,000 (as contrasted with the present 90 percent and 80 percent of such values) of a single-family dwelling approved for mortgage insurance prior to construction. This would make increases in maximum mortgage amounts under paragraph (C) conform more closely to graduated levels of appraised values.

Subsection (b) of this section would provide that, notwithstanding the repeal of the above paragraph (B), applications already filed for insurance thereunder could be approved, and insured mortgages could be refinanced thereunder.

#### Sections 105, 106, 107, and 108

These are technical amendments made necessary by section 111 which is summarized below.

#### Section 109

This section would amend section 211 of the National Housing Act to authorize the Federal Housing Commissioner, with respect to dwellings of not more than four families, to issue regulations permitting provisions in insured mortgages for the deferment of monthly payments in hardship cases beyond the control of the mortgagor. Such provisions

could extend the maturity of an insured mortgage for a period of not more than 3 years.

#### Section 110

This section would continue the present situation with respect to the applicability of the prevailing wage provisions of section 212 of the National Housing Act to cooperative housing projects and would bring under the prevailing wage provisions of section 212 the large-scale rental projects insured under the "yield insurance" title of the act.

#### Section 111

This section would add to the National Housing Act a new section 213 on cooperative housing mortgage insurance which would take the place of the provisions on this subject now contained in section 207 of the act.

With respect to nonprofit cooperative ownership housing projects where the members of the cooperative are all veterans of World War II, this new section would provide for the insurance of 100-percent, 40-year, 4-percent interest loans not exceeding \$9,000 per family dwelling. However, where the Federal Housing Commissioner finds that the needs of individual members could be more adequately met by a room-cost limitation, the maximum dollar amount would be \$2,000 per room for the dwellings to be occupied by such members. The prescribed maximum mortgage amount would be reduced gradually, on the basis of the percentage of the members who are veterans of World War II, until, in the case where no members are veterans, the maximum amount would be 90 percent and not exceeding \$8,100 per family unit or \$1,800 per room. In the case of these ownership cooperatives the insurance would be based on current replacement costs. The maximum amount of the mortgage could not be computed on the basis of veteran members unless satisfactory evidence is furnished to the Federal Housing Commissioner to assure that the benefit of the higher mortgage amount will accrue to veteran members. (The existing section 207 of the act provides for insurance of 90-percent, 40-year, 4-percent interest loans on nonprofit cooperative ownership projects, or 95-percent, 40-year, 4-percent interest loans where the membership of the cooperative consists primarily of veterans of World War II; and the loans cannot exceed \$8,100 per family dwelling or \$1,800 per room.)

This section would provide that the maximum principal obligation of an insured mortgage of a nonprofit cooperative corporation, organized for the purpose of constructing homes for transfer to its members, may equal either (1) the maximum amount of a mortgage on a cooperative ownership project as stated in the preceding paragraph, or (2) the total of the principal obligations of mortgages for which such members could obtain insurance on the individual houses under section 203 of the act. (This would be in lieu of the provisions now in section 207 limiting the principal obligation of an insured mortgage of such corporation to 90 percent of the value of the property and to \$8,100 per family dwelling or \$1,800 per room.) The mortgage could provide that, at any time after construction of the project, such mortgage could be replaced by individual mortgages on the individual dwellings in the project. Each such mortgage could be insured under this section, with the mortgagor being either the nonprofit corporation or the owner and occupant of the dwelling at the time. However, for a period of 2 years after construction, the owner and occupant could not be the mortgagor if the individual mortgage is insured under this section. Mortgages insured under this section could have a term not exceeding 40 years and an interest rate not exceeding 4 percent.

This section would specifically authorize the FHA to furnish technical advice and assistance to housing cooperatives in the or-

ganization thereof and in the planning, construction, and operation of their projects. The section would also provide that the Federal Housing Commissioner shall appoint an Assistant Commissioner to administer the provisions of this section under the direction and supervision of the Commissioner, and that the basic rate of compensation of such position shall be \$12,000 per annum.

#### Section 112

Section 301 of the National Housing Act, which authorizes the FNMA to purchase certain Government-insured or -guaranteed housing mortgages, now provides in effect that the aggregate amount of all such mortgages purchased by FNMA from one mortgagee may not exceed 50 percent of the amount of all mortgages made by such mortgagee which are otherwise eligible for purchase by FNMA. Section 112 of this bill would amend section 301 of the act to provide that this 50-percent restriction shall not apply to mortgages which are hereafter (1) guaranteed under the Servicemen's Readjustment Act of 1944 where the amount of the mortgage does not exceed \$10,000 per dwelling; or (2) insured under section 213 of the National Housing Act (relating to cooperative housing); or (3) insured under section 207 or section 608 of such act (relating to rental housing); or (4) insured under section 8 of such act (and limited to \$4,750 and 95 percent of value); or (5) insured under section 203 (b) (2) (D), or section 611 of such act (and limited to \$6,650 and 95 percent of value, except for \$950 increases for third and fourth bedrooms and limited to lower amounts where the builder is the mortgagor).

This section of the bill would also provide that no deposit or fee required or charged by FNMA for the purchase of, or commitment to purchase, a mortgage shall exceed one-half of 1 percent of the original amount of the mortgage.

The existing law provides that FNMA may not purchase any mortgage unless the mortgagee certifies that the housing involved meets construction standards prescribed for the insurance of mortgages on the same class of housing under the National Housing Act. This section of the bill would delete that limitation and provide that no loan guaranteed under section 501 or section 502 of the Servicemen's Readjustment Act of 1944 to finance the purchase or construction of a dwelling may be purchased by FNMA (except pursuant to a prior commitment) unless the mortgagee certifies that such dwelling conforms with minimum construction standards prescribed by the Administrator of Veterans' Affairs. This requirement would not take effect until 90 days after the date of the approval of the housing amendments of 1949.

Section 112 of the bill would also authorize the FNMA to make real-estate loans which are accepted for insurance or insured under section 207 or section 608 of the National Housing Act (relating to rental housing) or under section 213 of the act (relating to cooperative housing). The FNMA would not be authorized to make any such loan unless the financial assistance applied for is not otherwise available on reasonable terms.

#### Section 113

This section would amend section 302 of the National Housing Act to provide that the total amount of investments, loans, purchases, and commitments made by FNMA could not exceed \$2,000,000,000 outstanding at any one time. The FNMA would be authorized to issue notes and other obligations in sufficient amount to enable it to carry out its functions.

#### Section 114

This section would amend section 305 of the National Housing Act to authorize FNMA to sell on terms or otherwise dispose



of property acquired by it through foreclosure or other means. It may now dispose of such property only through cash sales.

#### Section 115

This section would amend section 4 (c) of the Reconstruction Finance Corporation Act to increase the total amount of obligations which the RFC may purchase thereunder, so that, with existing powers, it will have appropriate authority to purchase the additional FNMA obligations which would be authorized by the amendment to section 302 of the National Housing Act summarized above.

#### Section 116

This section would extend until March 31, 1950, the present authority of the FHA to insure mortgages on rental housing projects under section 608 of the National Housing Act. The present authority expires June 30, 1949, and would be extended temporarily through August 31, 1949, by S. 1070. Section 116 of the bill would also increase the insurance authorization under section 608 by \$500,000,000. The use of this additional authorization would require the approval of the President.

#### Section 117

This section is a technical amendment made necessary by the new section 8 of the act which would be added by the bill.

#### Section 118

This section would amend section 610 of the National Housing Act (dealing with the insurance of mortgages on federally owned housing which is being sold) to raise the maximum permissible interest rate from 4 percent to 5 percent in the case of insured mortgages on one- to four-family dwellings.

#### Section 119

This section would amend section 611 of the National Housing Act (dealing with the insurance of mortgages, including construction advances, on groups of 25 or more single-family houses on a single site). It would permit the principal obligation of a mortgage insured under that section to be in an amount not exceeding 85 percent of the value of the completed project and not exceeding a sum computed on the individual dwellings as follows: \$5,950 or 85 percent of the valuation, whichever is the lower amount, with respect to each dwelling, except that, in the case of a three- or four-bedroom unit, such dollar amount limitation could be increased in the same manner as the dollar amount limitation on a mortgage on such a unit insured under section 203 (b) (2) (D) explained in the above summary of section 104 of the bill. Under the present provisions of section 611, the mortgage may not exceed 80 percent of the value of the completed project nor a sum computed on the basis of \$6,000 per dwelling unit or 80 percent of the value of each dwelling unit, whichever is less.

Section 119 of the bill would also amend section 611 of the National Housing Act to provide that an insured mortgage on a project thereunder may be replaced, after completion of construction, by individual mortgages covering the individual dwellings in the project. Each such individual mortgage could be insured under section 611 with the mortgagor being either the builder or the owner and occupant of the dwelling. Where the mortgagor is the owner and occupant, the mortgage could have the same favorable terms as are available to owner-occupant mortgagors under section 203 (b) (2) (D) of the act.

#### Section 120

This section would designate certain FHA expenditures, not attributable to general overhead in accordance with generally accepted accounting principles, as nonadministrative expenses and thereby make them payable from funds directly available under the National Housing Act.

#### Section 121

This section is a purely technical amendment. It reflects the change in title from Federal Housing Administrator to Federal Housing Commissioner and the fact that the Commissioner is no longer appointed for a specified term of years (which changes were made by Reorganization Plan No. 3 of 1947), and also reflects the fact that the basic rate of compensation of the Commissioner is now fixed by other law.

#### TITLE II—DISPOSAL OF WAR AND VETERANS' HOUSING

This title would provide for the disposal of the war and veterans' housing now under the jurisdiction of the Housing and Home Finance Administrator through the addition of a new title and certain other amendments to the Lanham Act.

#### Section 201

This section would add a new title VI, "Housing Disposition," to the Lanham Act. A section-by-section summary of this new title is given below.

#### Section 601

Subsection (a): This subsection provides for the relinquishment of the Federal Government's contractual and property rights in temporary housing located on lands owned or controlled by States, municipalities, other public bodies, local housing authorities, nonprofit organizations, and educational institutions where the United States has no lease or other property interest in the land. The relinquishment of these rights would be mandatory upon the submission of a request meeting the requirements of this section. This subsection would apply only to veterans' reuse housing under title V of the Lanham Act. Relinquishments would be requested and made in substantially the same manner as provided in Public Law 796, Eightieth Congress, for educational institutions which filed appropriate requests within the time prescribed in that law.

The rights of the Federal Government in certain housing materials made available under the veterans' reuse housing program would also be relinquished.

Subsection (b): This subsection authorizes the transfer of temporary housing to States, counties, municipalities, and local housing authorities where the United States has a property interest through ownership, lease, or otherwise in the land upon which the housing is located. It would also authorize transfers of such housing to educational institutions where the housing involved is operated for their student veterans and to local public agencies and nonprofit organizations to which the housing had previously been made available under the veterans' reuse housing program. Under this subsection the transferee would have to purchase the land, or, in the case of land leased by the Government, would be required to obtain from the landowner the right to possession of the land, together with a release by the landowner of the Government's lease obligations.

Commercial facilities would be excluded from the transfers where they are suitable for separate disposal and community facilities would be so excluded when the Administrator determines that they should be disposed of separately.

Payments for any land purchased under this subsection from the Administrator would be required to be made in cash at the time of the sale or in not more than 10 annual installments with interest on unpaid balances at the going Federal rate. The first installment could be deferred until a year after the date of conveyance. The price would be substantially equal to the cost of the land to the Government (inclusive of acquisition costs, but exclusive of cost of improvements other than extraordinary fill) or, if such cost were nominal or not readily ascertainable, the price would be the amount

determined by the Administrator to be fair and reasonable. In cases where the land underlying the housing is owned by the United States but under the jurisdiction of other Federal agencies, such other agencies are authorized to sell the land to the transferee on these same terms.

Subsection (c): This subsection prescribes certain requirements with respect to the filing of requests authorized under this section. Any such requests must be made on or before December 31, 1949, unless a specific extension of not more than 6 months is granted by the Administrator. The request must be in the form of a resolution adopted by the governing body of the applicant, or, in the case of a State, a letter from the governor. The applicant must furnish with its request either (1) a final opinion of its chief law officer to the effect that it has legal authority to make the request, to accept the transfer of and operate any property involved, and to perform its obligations under the legislation, or (2) a preliminary legal opinion as to the authority of the applicant stating the reasons for failure to furnish a final opinion and the time required to furnish such final opinion. Any request from a local housing authority, except the Alaska Housing Authority, must, in addition, be accompanied by an approving resolution of the governing body of the municipality or county.

The applicant would be required to comply with all conditions to the transfer, including the furnishing of the final legal opinion, on or before June 30, 1950, except where State enabling legislation or a charter amendment is necessary, when the date would be June 30, 1951, unless further extended by the Administrator in any particular case to a date not later than December 31, 1951.

This subsection makes it clear that, except with respect to housing for which a request may be submitted under subsection (a), the Administrator may remove, dispose of, or retain any temporary housing in accordance with any provision of the Lanham Act.

Subsection (d): This subsection would require that any request for relinquishment and transfer of temporary housing under this section contain representations as to the intentions of the transferee with respect to the property. The transferee would be required to represent in its request that it intends, to the extent permitted by law, in filling any vacancies in the housing to give preferences to families displaced by low-rent housing or redevelopment projects and to veterans and servicemen, and, if the transferee is a State, municipality, local housing authority, or other public agency and the Secretary of Defense or his designee so prescribed, to give preference to military personnel or defense workers in filling such vacancies. It would further represent that it would not dispose of the property for housing use except to another public agency or educational institution; that it would not dispose of the property for any other use unless the governing body of the municipality or county has adopted a resolution determining that the housing is satisfactory for the use contemplated by the purchaser; that it would manage and operate the property in accordance with sound business practices including the establishment of adequate reserves; and that it would demolish the structures whenever they are not to be used either for housing or authorized nonhousing purposes.

Subsection (e): This subsection provides that the removal requirements of section 313 of the Lanham Act will be waived in the case of a relinquishment or transfer to a municipality, county, or local housing authority, and in the case of any other authorized agency if, prior to or within 6 months after relinquishment or transfer, the governing body of the municipality or county adopts a resolution specifically approving the waiver, either without or subject to conditions. The

United States would assume no responsibility for enforcing compliance with any such conditions.

Subsection (f): This subsection provides that the net revenues from the housing shall continue to accrue to the United States until the end of the month in which the relinquishment or transfer is made. It also provides that the Administrator may charge to the transferee the cost to the United States of any surveys, title information, or other items incidental to the transfer.

#### Section 602

This section provides that the removal requirements of section 313 of the Lanham Act shall not apply to temporary housing (1) for which such requirements have been waived under Public Law 796, Eightieth Congress, or in transfers as provided in section 601; (2) transferred to the military departments; (3) hereafter disposed of by the Administrator under other titles of the Lanham Act where the governing body of the municipality or county has either conditionally or unconditionally approved such disposition; or (4) heretofore disposed of subject to removal requirements if the governing body of the municipality or county adopts an approving resolution on or before December 31, 1949.

In effect, the provision for future sales by the Administrator permits sales of temporary housing under such terms and conditions as the Administrator deems in the best interests of the Government where the locality approves. After any such sales the housing sold would be considered in the same category as new construction so as to be within the statutory veterans' preference requirements administered by the Office of Housing Expediter.

#### Section 603

This section would require that on or before December 31, 1949, the Administrator, with the advice of the local communities in which it is located, reexamine all housing classified as demountable to redetermine whether it is of permanent or temporary character. After such redeterminations, which will take into consideration local standards and conditions, the housing would be disposed of either as permanent or temporary housing in accordance with this title.

#### Section 604

This section would require that vacancies in temporary housing remaining under the jurisdiction of the Administrator after July 1, 1950, be filled only by transfer of tenants from other temporary housing being removed by the Government. It would further require the Administrator to give notice on or before March 31, 1951, to all tenants in temporary housing remaining under his jurisdiction to vacate the premises by July 1, 1951; to institute eviction actions promptly after July 1, 1951, if necessary; and to remove, by demolition or otherwise, all dwelling structures as soon as practicable after they become vacant. However, in any case where an extension of time had been granted for complying with conditions to transfer or relinquishment of the Government's interests in the project, the dates in this section would be deferred for a similar length of time.

Certain limited exceptions to these requirements are made. These exceptions include temporary housing in localities where such housing constitutes a major portion of the housing supply of the community; where the removal requirements have been waived under the Lanham Act; where the landowner has refused to deal with an applicant for relinquishment or transfer of the housing under section 601 (b); and, in certain cases where educational institutions require the continued use of the housing and are willing to bear all operating losses of such housing.

#### Section 605

Subsection (a): This subsection would permit the perfection of the Government's interest with respect to land acquired by it

through lease or condemnation of use in connection with any war or veterans' housing (whether permanent or temporary). This would change the present authorization in the Lanham Act for acquiring and holding property on which existing housing is located so that the Government's right would not depend solely upon the continued existence of the war emergency. It would also permit the Government to obtain fee title or an easement where such title or easement would be more appropriate than the leasehold or other temporary use which the Government may now have in the land.

Subsection (b): This subsection would authorize the Administrator after January 1, 1950, upon request of the landowner, to increase the rental or other payment being made by the Government for the use of land for war or veterans' housing where (1) the term of such use is for the "duration of the emergency" or a similarly described period, and (2) the rental or other payment gives the owner an annual return after payment of real-estate taxes of less than 6 percent of the lowest value placed on the land by an independent appraiser hired by the Government at the time the Government acquired such use. The Administrator could increase such rental or other payment to give the owner a return for the Government's use of the land not exceeding 6 percent after payment of real-estate taxes.

Subsection (c): This subsection would make available, for the purposes of acquiring interests in land under this section, the reserve account established under the Lanham Act for disposition expenses. It would also continue the availability of this reserve account for this and other purposes notwithstanding existing limitations which would require that it be deposited as miscellaneous receipts after July 25, 1949. This subsection would provide that moneys in such account shall also be available for the purpose of making certain necessary improvements and alterations in connection with the separate sale of individual dwellings.

#### Section 606

Subsection (a): This subsection would specifically authorize the Housing and Home Finance Administrator to transfer 120 listed permanent war housing projects to named local public housing agencies if (1) on or before December 31, 1949, the conveyance is requested by the governing body of the municipality or county having jurisdiction in the area and the public housing agency demonstrates a present need for low-rent housing which is not being met by private enterprise; (2) the Administrator determines that the project in each case will meet a part or all of such need; and (3) on or before June 30, 1950, the governing body of the municipality or county enters into an agreement with the local public housing agency providing for local cooperation and payments in lieu of taxes satisfactory to the Public Housing Administration, and the local public housing agency enters into an agreement with the Public Housing Administration for administration of the project in accordance with requirements contained in subsection (c) explained below.

Subsection (b): Projects conveyed by the Administrator under this section would, after such conveyance, be deemed to be low-rent housing under the United States Housing Act of 1937, except that the Government would not be authorized to make capital grants or annual contributions with respect to them.

Subsection (c): The agreement between the local public housing agency and the Public Housing Administration required by subsection (a) explained above, would contain such conditions and provisions as the Administrator determines, but in any event would contain conditions and requirements that—

(1) The housing be administered for a period of 40 years as low-rent housing in accordance with the relevant provisions of the United States Housing Act of 1937. However, during that period the local housing agency and the Public Housing Administration could jointly terminate the agreement as to any housing which became unsuitable for low-rent housing use. The terminated housing would then be sold and the proceeds paid to the Public Housing Administration.

(2) The public housing agency, within 6 months after conveyance, must initiate a program to remove ineligible tenants from the housing and complete this program within a period of 18 months.

(3) Net income from the housing must be paid to the Public Housing Administration each year. This net income would be all income remaining after payment of reasonable and proper costs of operating, maintaining, and improving the project, making payments in lieu of taxes, establishing reasonable reserves, and paying any debt service on indebtedness incurred with the approval of the Public Housing Administration.

(4) During the period of the agreement the housing conveyed must be exempt from all State and local taxation.

(5) Payments in lieu of taxes in the amount of full real-property taxes could be made for the tax year in which conveyance is made and the subsequent tax year. Thereafter, payments in lieu of taxes could not exceed 10 percent of the annual shelter rent charged in the project.

(6) Preference in selecting tenants must be given as prescribed in the Housing Act of 1949.

(7) In event of a substantial default by the local housing agency the Public Housing Administration could take over the project in the same manner as it would in the event of a substantial default under an annual contributions contract made for a low-rent project pursuant to the United States Housing Act of 1937, as amended by the Housing Act of 1949.

Subsection (d): Moneys received by the Public Housing Administration from such projects would be paid into the Treasury as miscellaneous receipts at the end of each fiscal year.

#### Section 607

Subsection (a): This subsection would require the Administrator to dispose of permanent war housing as promptly as practicable and in the public interest.

Subsection (b): The following preferences are established by this subsection for sales of permanent structures designed for occupancy by not more than four families where such structures are offered for separate sale: (1) First preference to a veteran or serviceman (or the family of a veteran or serviceman) who occupies a unit in the dwelling structure and who intends to continue such occupancy; (2) second preference to a non-veteran occupant who intends to continue occupancy; (3) third preference to a veteran or serviceman (or the family of either) who is not an occupant but who intends to occupy a unit in the structure. The Administrator is authorized to set up subordinate preferences.

Subsection (c): Housing which is not offered for sale as separate dwelling structures may be sold as a whole, or in such portions as the Administrator may determine, subject to a first preference (for such period not less than 90 days nor more than 6 months as the Administrator may determine) to groups of veterans organized on a mutual ownership or cooperative basis. Such groups would, however, be required to admit nonveteran occupants as members of their organizations.

Subsection (d): This subsection directs the Administrator to provide an equitable method of choosing between or among preferred purchasers. Under this authority he



could prescribe drawing of lots, competitive bidding, or some other method.

Subsection (e): This subsection provides that after disposal of permanent housing under the authority of this section, the housing is to be deemed new construction so as to be within the statutory veterans' preference requirements administered by the Office of the Housing Expediter.

Subsection (f): Sales of permanent housing may be upon terms but full payment to the Government must be made in 25 years. Interest on unpaid balances shall be not less than 4 percent per annum.

#### Section 608

This section contains definitions of the terms used in this title.

#### Section 202

This section amends section 313 of the Lanham Act to postpone the removal date for temporary housing from January 1, 1950, to December 31, 1951, or to a later date if necessitated by extensions of time for vacating the premises under section 604. It would also clarify the authority of the Administrator with respect to exceptions to the removal date and to evictions.

#### Section 203

This section is a technical amendment to the Lanham Act.

### TITLE III—COOPERATIVE HOUSING

#### General statement

As a means of providing good housing for families of moderate income who cannot afford to pay the rents at which comparable dwellings in new privately financed rental housing are being produced in the locality involved, this title provides for financial assistance to be made available by the Federal Government in the form of long-term loans, at a low rate of interest, for housing projects undertaken by cooperative ownership or other nonprofit housing corporations. The title provides that such loans shall bear interest at not less than the rate borne by the most recently issued long-term Government bonds, plus one-half of 1 percent (currently 2½ percent plus one-half percent, or 3 percent per annum), with maturities not exceeding the useful life of the housing project and not exceeding, in any event, 60 years. A \$1,000,000,000 loan authorization is provided, half of which would become available immediately, with the other half to become available only with the approval of the President. For the administration of this program, the title establishes, in the Housing and Home Finance Agency, a new constituent agency to be known as the Cooperative Housing Administration to be headed by a Cooperative Housing Commissioner to be appointed by the President, by and with the consent of the Senate.

#### Section 301

This section indicates the major purposes of this title, i. e., to provide a means whereby good housing can be produced and made available for families of moderate income by encouraging and assisting cooperative ownership or other nonprofit housing corporations organized to provide housing by making long-term Federal loans, at a low rate of interest, available to such corporations.

#### Section 302

This section establishes in the Housing and Home Finance Agency a constituent agency to be headed by a Commissioner appointed by the President, by and with the advice of the Senate, to administer the program. The salary of the Commissioner is fixed at \$15,000 per annum, i. e., the same rate as presently provided for the Commissioners of the other constituent agencies within the Housing and Home Finance Agency.

#### Section 303

This section authorizes loans to be made to cooperative ownership and other non-

profit corporations to finance the development cost of housing projects. The loans would bear interest at not less than the rate borne by the most recently issued long-term Federal bonds, plus one-half of 1 percent. The amortization period for such loans could not exceed the estimated useful life of the project, as determined by the Commissioner, but in no event to exceed 60 years.

The section would also authorize the Commissioner to make preliminary advances to assist in the formulation of a proposed housing project in anticipation of a loan under this title, or of mortgage insurance under the National Housing Act. Any such preliminary advances would bear interest at the same rate prescribed in the title for loans, and would be limited to the amount required for necessary work in connection with the preparation and filing of an application for a loan or for mortgage insurance, but not to exceed, in any event, 3 percent of the estimated development cost of the project.

A \$1,000,000,000 loan authorization is provided, with \$500,000,000 available immediately, and an additional \$500,000,000 available only with the approval of the President. For the purpose of obtaining necessary loan funds, the Commissioner would be authorized to issue and sell obligations to the Secretary of the Treasury, and the Secretary of the Treasury would be authorized and directed to purchase such obligations issued by the Commissioner, and for such purpose would be authorized to use as a public-debt transaction the proceeds of the sale of any securities issued under the Second Liberty Bond Act.

#### Section 304

This section sets forth the requirements for housing projects to be eligible for loans under section 303 of this title. It requires satisfactory location and physical planning of the project. It requires that the dwellings meet sound standards of design, construction, livability, and size for adequate family life. It requires that all economies attained, through the use of the cooperative device or otherwise, must be fully reflected in reduced rents. It requires that the reduction in operating expenses made possible by the lower rate of interest and longer amortization period, with respect to loans under the title, must be fully reflected in reduced rents. It also requires that no loans shall be made for any project unless the estimated rents, on a per-room basis (taking into account the reduced operating expenses made possible by the financial formula and any other special concessions not generally available for other new privately financed rental housing), are substantially below the level of rents at which comparable dwellings in new privately financed rental housing are currently being made available in the particular locality.

#### Section 305

This section sets forth the conditions which must be attached in connection with all loans made under section 303 of this title. It requires that the borrower must establish such maximum income limits for the admission of families to the housing project as will restrict admissions to families of moderate income who cannot afford to pay the rents at which comparable dwellings in new privately financed rental housing are being made available in the locality. These maximum income limits, and all revisions therein, are subject to the approval of the Commissioner. It also requires the borrower to establish a schedule of rents, and requires that the initial rent schedule, and all revisions therein, shall be subject to the approval of the Commissioner.

#### Sections 306 and 307

These sections give the Commissioner the technical powers necessary for the performance of his functions and duties under this title. These sections also authorize and direct the Commissioner to furnish technical

advice and assistance in the organization of housing cooperatives, and in the development and operation of their projects. They also provide that, in any case where a housing cooperative has been assisted by the Commissioner in its organization and desires to make application to the Federal Housing Commissioner for mortgage insurance, the Cooperative Housing Commissioner shall advise the Federal Housing Commissioner as to whether the organization of such housing cooperative is in accord with the policies declared in the last sentence of section 301.

#### Section 308

This section relates to the protection of labor standards. It requires that not less than the salaries prevailing in the particular locality, as determined or adopted by the Commissioner, must be paid to all architects, technical engineers, etc., employed in the development of the housing project. It also requires that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor, pursuant to the Davis-Bacon Act, shall be paid to all laborers and mechanics employed in the development of the housing project.

#### Section 309

This section provides for veterans' preference in connection with housing assisted under this title. It specifically provides, however, that the provisions relating to veterans' preference shall not preclude the nonprofit ownership housing corporation, the permanent occupancy of the dwellings of which is restricted to its members, from accepting, without regard to the veterans' preference provisions, nonveteran members of the corporation and as occupants of the dwellings.

#### Section 310

This section sets forth the necessary definitions of terms.

### TITLE IV—AMENDMENTS OF SERVICEMEN'S READJUSTMENT ACT OF 1944

#### Section 401

##### Subsection (a)

This subsection would permit loans to veterans for the purchase or construction of a home to be guaranteed in an amount not to exceed 60 percent (as compared with the present 50 percent) of the loan, provided the aggregate amount of any such loan guaranteed shall not exceed \$7,500 (as compared with the present limitation of \$4,000).

##### Subsection (b)

This subsection would add a new subsection to section 504 of the Servicemen's Readjustment Act of 1944 to provide that no loan for the purchase or construction of housing, on which construction is begun after July 1, 1949, shall be financed through the assistance of the home-loan provisions of that act unless the property conforms to minimum construction requirements prescribed by the Administrator of Veterans' Affairs.

##### Subsection (c)

This subsection repeals section 505 (a) of the Servicemen's Readjustment Act of 1944, such repeal to be effective 90 days after the date of the approval of this act. The subsection hereby repealed now provides that, in any case where a principal loan for any of the purposes of section 501, 502, or 503 of the Servicemen's Readjustment Act is approved by a Federal agency to be made or guaranteed or insured by it pursuant to applicable law, and the veteran is in need of a second loan to cover the remainder of the purchase price, or cost, or part thereof, the Administrator may guarantee the full amount of the second loan. The amount of any such second loan so guaranteed may not exceed, in any case, 20 percent of the purchase price or cost.

## Subsection (d)

This subsection would add a new section 512 and a new section 513 to the Servicemen's Readjustment Act of 1944 for the purpose of authorizing direct loans by the Administrator of Veterans' Affairs to individual veterans for the purchase or construction of houses.

The new section 512 would provide that in any case where a veteran, eligible for home-loan benefits under the act, has not previously availed himself of his guaranty entitlement and is unable to obtain from private lenders, at an interest rate not exceeding 4 percent, a loan for which he is qualified under section 501 of the act, the Administrator of Veterans' Affairs may make such veteran a loan for the purchase or construction of a dwelling to be owned or occupied by him. This loan would bear interest at 4 percent per annum and could not exceed \$10,000. The total amount of these loans could not exceed \$300,000,000, and the authority to make them would expire June 30, 1951. The Administrator could also make cash advances on such loans to pay taxes on real estate, to provide repairs and improvements, and to meet incidental expenses of the transaction. The Administrator would be directed to credit to the principal of the loan the same amount of subsidy which would be payable under the act, had the loan been made by a private institution. The Administrator would be authorized to sell such loans at par to any private lending institution capable of servicing them, and could guarantee such loans on the same terms as other loans can be guaranteed under the act.

For the purpose of providing funds necessary to make these loans to veterans, the new section 513 would direct the Secretary of the Treasury to make available such sums, not in excess of \$300,000,000, as the Administrator requests. In order to make these sums available, the Secretary of the Treasury would be authorized to use, as a public-debt transaction, the proceeds of the sale of securities issued under the Second Liberty Bond Act. Repayments of the principal of loans made to veterans under section 512 would be returned to the Treasury as miscellaneous receipts. The interest paid on the loans would constitute a reserve for the payment of losses and the expenses incurred in the liquidation of the loans. Section 513 would also contain necessary administrative provisions for the handling of the loans.

TITLE V—HOUSING FOR EDUCATIONAL INSTITUTIONS  
Section 501

To assist educational institutions in providing housing for their students and faculties, this section authorizes a program of \$300,000,000 in loans to educational institutions for the construction of housing. Such loans would bear interest at the rate of 2½ percent per annum, and would be secured in such manner and repaid in such period, not exceeding 40 years, as the Administrator determines. The program would be administered by the Housing and Home Finance Administrator.

## Section 502

This section gives the Administrator the technical powers necessary for the performance of his functions and duties under this title.

## Section 503

This section provides that not more than 10 percent of the funds provided under this title may be made available to educational institutions within any one State.

## Section 504

This section sets forth the necessary definition of terms.

## TITLE VI—MISCELLANEOUS PROVISIONS

## Sections 601 and 602

These sections would make certain technical changes in the Federal Home Loan Bank Act and the Federal Reserve Act made necessary by the new section 8 of the National Housing Act which would be added by section 102 of the bill, and by other changes in the act. Section 502 of the bill would also add language to section 24 of the Federal Reserve Act to permit real-estate loans otherwise eligible for purchase by national banks to be secured by first liens on long-term leases, as well as fee simple estates. This, in effect, merely defines an acceptable mortgage lien for these bank loans, so that it will cover the same types of mortgage liens that have been acceptable for mortgage insurance purposes.

## Section 603

The existing section 102 of the Housing Act of 1948 (Public Law 901, 80th Cong.) authorizes RFC to make loans to, and purchase the obligations of, any business enterprise to assist the production of prefabricated houses or housing components or to assist large-scale modernized site construction. The maximum which can be used for this purpose is limited to \$50,000,000 outstanding at any one time. Section 503 of the bill would increase this amount to \$100,000,000, and provide that such limitation shall not apply to loans made and obligations purchased to the extent that RFC takes as security (in connection with such loans and obligations) mortgages on erected houses manufactured with financial assistance under section 102 of the Housing Act of 1948. Section 503 would also make clear that these loans by RFC may be made through agreements to participate in similar loans by private lenders.

## Sections 604 and 605

These sections contain the standard separability clause and the declaration that the provisions of this bill shall control in case of inconsistency with other legislation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the chairman of the committee.

Mr. MAYBANK. I wish to commend the Senator for his excellent statement, and for the untiring work he has done, and for his efforts as chairman of the Subcommittee on Housing of the Senate Committee on Banking and Currency.

Mr. SPARKMAN. Mr. President, of course, I appreciate the remark just made by the Senator from South Carolina. I have had a great deal of very fine support from the chairman, and fine help from all members of the committee and Members of the Senate.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LANGER. I should like to know whether the new bill makes any provision for the farmers of the country? Are they going to receive any housing, or does it provide housing only for the city people?

Mr. SPARKMAN. There is no title in this bill for farm housing. As the able Senator from North Dakota knows, in Senate bill 1070 there was incorporated a title giving to the farmers the first housing program they ever have had. I am familiar with the well-founded and justified criticism the able Senator from North Dakota makes that it was too small

a beginning. It provided for only \$325,000,000. But it was the best we could do under the circumstances. That provision was carried in that bill. Accordingly there is no provision in this bill for strictly rural farm housing.

I may add in further reply to the Senator from North Dakota that I am sure he will recall that at his insistence an amendment was added—I think perhaps he himself was its author, on the Senate floor increasing by a slight amount, not a very large amount—I think it was \$12,500,000 overall—the amount provided in the farm-housing section of the public-housing bill. The House had provided a lower figure, but when the conference report was considered the House agreed with us to keep the higher figure which had been provided in the amendment offered by the able Senator from North Dakota.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. LANGER. It is my understanding that \$12,500,000 was added. I am informed by the distinguished chairman of the Banking and Currency Committee that that amount was retained in the bill.

Mr. SPARKMAN. That additional amount was retained.

Mr. LANGER. The bill the Senator from Alabama has just discussed provides that a veteran can obtain a home in the city. Does the bill contain any provision whereby a veteran can secure a farm with a house on it?

Mr. SPARKMAN. No; such a provision is not carried in the bill. Of course, the Senator knows that a veteran can secure such a farm under the Bankhead-Jones Farm Tenant Act and the amendments thereto.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAYBANK. The bill further increases the amount of the mortgage which can be secured to \$4,750.

Mr. SPARKMAN. For the homes provided for in the bill, yes. I should like to call attention to the fact that the veteran can build a house in the country, not in connection with a farm he is buying or he is operating; but there is a provision for rural nonfarm housing which is exactly the same as city or urban housing.

Mr. LANGER. It was my understanding from what veterans have said, that the amount they are receiving is not sufficient.

Mr. SPARKMAN. We have increased that amount.

In the statement I have just made I called attention to the fact that we increased the amount the veteran could borrow to pay for such a home to \$4,750. Furthermore, we have changed the system whereby the veteran can acquire his house. A great many of us thought when we passed the Readjustment Act of 1944 that we were helping the veteran get money for houses at a lower rate of interest. As a matter of fact, in many of the States he paid a higher rate of



interest than a nonveteran paid, through the combination of the veterans loan and the FHA, and from two appraisals and two procedures, and all that. So in the long run he paid a higher rate of interest than did the nonveteran. We have eliminated that from the bill which I have introduced today, and the bill eases the terms under which the veteran can secure a loan.

PEACETIME DEFICIT SPENDING—A  
POLITICAL SIN

Mr. STENNIS. Mr. President, we are facing important, far-reaching and crucial decisions concerning our fiscal affairs. These decisions must be made soon.

The postwar world of reality, and our part and place therein, has been taking shape for 4 years. The American people, I believe, are well agreed on three basic and complementary courses they want to follow in shaping our pattern for the future.

First, our people want world peace and believe that in order to achieve it, an active, full-scale and powerful national defense program is necessary.

Second, our people believe, strongly and inherently, in the so-called capitalistic system, or system of free enterprise. They want to see it continued. I use the term in its broad sense as a system that offers incentive, puts a person on his merit, keeps open the avenues of opportunity for the many, undertakes to guarantee individual liberty and a fair measure of opportunity to every self-respecting citizen.

And third, Mr. President, our people want a continuation, within reasonable limits, of a major part of the present domestic services that time and experience have proved to be sound. For illustration, and not as an inclusive list, I refer to social security provisions, soil and forestry conservation, securities and exchange regulations, proper provisions for veterans, agricultural price supports, REA extensions, flood control and reclamation, research and other related subjects.

Our people are looking to the Congress for a governmental program that will follow generally these three major courses, but within safe limits wherein the fiscal affairs of our Nation will be protected now and in years to come.

Mr. President, certainly our obligation to stay within safe limits and protect the fiscal affairs of our Nation absolutely demands our all-out effort for the abandonment of deficit financing during years of peace and plenty. Moreover, the annual budget should certainly include sums each year for the orderly retirement of our national debt.

If we say we believe in a sound national defense, a reasonable and progressive domestic program of service, and the free-enterprise system as herein defined, then the first test of our sincerity is our answer to this question: In times of peace and relative prosperity, do you stand unalterably against deficit financing? Under conditions of great prosperity that we now have, if we are not willing to pay the price of a balanced budget, then we indulge in hypocrisy when we say that we favor a strong national de-

fense, a program of domestic services and improvements, and individual freedom based on the free-enterprise system. A balanced budget with no deficit financing is the basic and indispensable girder upon which rests our entire national defense and our entire domestic program.

Now, Mr. President, let us look at the facts. Without seeking to analyze the causes, and without seeking to blame anyone, the cold, hard facts are that we have just closed a fiscal year during which we enjoyed the greatest measure of material prosperity that we have ever known, with our income at an all-time high of considerably over \$200,000,000,000; but during that year we failed to pay one single dollar on our \$252,000,000,000 national debt. Further, we have to face the shocking and highly discouraging fact that during this same year we went \$1,800,000,000 further in debt for current expenses.

Mr. President, what are the additional facts? We are now making appropriations for a new current fiscal year which began July 1, 1949. At our present rate we shall create deliberately a situation that will lead to a now known deficit of from 5 to 8 billion dollars by June 30, 1950. A deficit this large will be created without a pretense of planning seriously to pay one dime on our recently increased national debt. Mr. President, I am shocked and stunned by these facts.

If we are not going to try seriously to avoid deficit financing for this year, then pray tell, in what year shall we start?

Mr. LANGER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. LANGER. We will start when the Republicans elect a President. Then we shall resume payments on the national debt, as the Republicans have always done in the past.

Mr. STENNIS. I am not trying to place the responsibility on any particular individual or party. We have just closed a fiscal year in which the plans were made by the Republican Party and carried out by the Democratic Party. We had a deficit of \$1,800,000,000. Under our present income and present rate of appropriations for the new fiscal year we are facing another deficit, the minimum estimate of which is \$5,000,000,000. I place the responsibility with the Congress and the individual Members thereof.

To repeat, if we are not going to try seriously to avoid deficit financing for this year, then pray tell, in what year shall we start? If not in 1950, why not defer it until 1955; and if until 1955, why not until 1960? How long can we defer it and still talk about a "strong national defense" or "progressive domestic improvements," or "individual freedom and opportunity?" I ask again and again, "How long?" I repeat, if we do not face the facts now, in what year shall we face them? If we do not lead the people now, how can we lead them later?

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. WHERRY. I am sorry to interrupt the very important speech which the Senator is making. To my mind the subject matter which he is discussing is

the most important one before the Eighty-first Congress. I come from Nebraska, where the State government cannot be obligated for more than \$100,000,000 without a vote of the people. We believe in that principle. We have to be frugal, and we have to do without things. I am glad tonight that Nebraska, at least from the State angle, does not have to worry about its own indebtedness. But we are worried about the Federal debt.

Does the Senator feel that the financial stability of the country can be maintained if we enter into deficit spending? I noticed that today the President of the United States stated that he felt taxes should not be increased. I agree with him. I have no quarrel with the President, and I do not want to inject partisanship into the question. But certainly I do not agree that we should do away with increased taxes if we are going to take the other avenue of deficit spending.

I do not want in any way to anticipate what is in the Senator's mind, but I ask this question: If we want to continue on a sound fiscal basis, regardless of what party is in power, is it not true that we must pursue one avenue, and that is to fit our expenditures to our income? I hope the distinguished Senator will discuss that question, because I feel that that is the only avenue down which this country can safely go.

Mr. STENNIS. I very much appreciate the Senator's remarks. As he said, this is certainly not a partisan question. I am merely expressing some thoughts which I have gradually accumulated over the months and stating some realizations to which I have come. I am interested in our domestic program. I am interested in national defense. I am interested in preserving our way of life. To insure these things I say that it is absolutely indispensable for the United States to stand on a sound fiscal basis. Otherwise we will fall.

Mr. WHERRY. I do not want to forget good Republican Presidents and administrations who have been very economical. I think when we look back we find that they have contributed greatly toward paying off the debt. As I have said, I come from Nebraska, which is predominantly Republican. Perhaps it is one of the assets of the Republican Party. I stated that the question was not a partisan question. We can select one avenue or the other down which to travel. I think we should select the avenue which does not involve wasteful Government spending.

Mr. STENNIS. I think that is the responsibility of the Congress. We are the only ones who have the power to levy taxes. We are the only ones who have the power to appropriate money. I think the responsibility rests with us, not as a party, but as individual Members of Congress.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. SPARKMAN. I want to see if I correctly understand the Senator's viewpoint. He is arguing that at the present time, with high levels of income, we ought to maintain a balanced budget.

Mr. STENNIS. Yes.

Mr. SPARKMAN. And do what we can toward payment of the debt.

Mr. STENNIS. Yes.

Mr. SPARKMAN. But the Senator does not mean, I take it, that if unemployment should become rampant over the country we should hesitate for a single minute to enter into great public-works programs, even at the risk of deficit spending, in order to restabilize the Nation's economy.

Mr. STENNIS. In time of war, of course, and in time of serious threat to our economy, in time of depression, or in time of great need for our people, I believe that deficit spending should be resorted to in order to stabilize, control, and save the entire structure. But my point primarily is that, during this time of relative prosperity, we are failing to live up to our responsibility.

To continue, if we are not going to make a start in the fiscal year 1950 toward avoiding deficit financing for this year, then why not defer it until 1955 or 1960?

My position is that continued deficit financing will lead inevitably, not at once, but within a few years, to a certain breakdown in our strenuous foreign policy, our burdensome national defense, and our domestic programs of service, and, more, will result gradually in the permanent undermining of our personal liberties. Mr. President, I wish that all the American people could fully understand that our entire domestic program, our expansion of social services, our national defense program, the matter of individual liberty—all of them—are absolutely dependent on our having a sound financial base, a firm foundation for our fiscal affairs. I believe that is something we are overlooking; I am afraid we are neglecting it, to our great injury over the years.

It is popular to complain that all evils, real or imaginary, are leading us along the road to statism, socialism, or communism. It is an argument that I do not lightly apply. With all of our natural resources, our huge area, our energy, our industry, our common sense, and our inherent love of liberty and personal freedom, it is hard to believe that our Nation will choose deliberately the path of socialism or communism. But I am certain that we shall eventually take that course unless our fiscal affairs are kept strong and in balance. I fear socialism's or communism's coming to us through the open door of a break-down in our fiscal affairs far more than I fear its coming to us by propaganda or by an armed enemy. The biggest boost that socialism or communism could possibly have anywhere throughout the entire world would be the undermining and eventual break-down in the fiscal affairs of the United States of America.

In the world of finance, the last bright light is the United States dollar. Shall we pinch its flame, bit by bit, by deficit financing, until the world be left in utter darkness?

We have obligations for national defense and to our veterans; we have obligations to maintain a balanced economy; we have obligations to furnish further measures of leadership and assist-

ance to the people in certain essential services of the Government; and moreover, we have expenses and far-reaching obligations of world leadership for which we are not well prepared. The total of these obligations is staggering and will not long be met unless the paramount obligation of them all—the obligation to keep our fiscal affairs on a sound, impregnable basis—is met fully. Failing in that, we invite and shall reap disaster at home and abroad. It will not come this year or next year, or all at once; but just as certain as night follows day, the disintegration will be in steady progress, and disaster will come.

My serious concern certainly does not come altogether from the mere amount of our national debt. Colossal as it is at its present figure of \$252,000,000,000, if we really try, we can handle it. I am amazed and impressed gravely by the fact that the Federal Government has spent \$177,000,000,000 during the fiscal years 1946, 1947, 1948, and 1949, which is \$10,000,000,000 more than the Federal Government spent in the first 152 years of its existence from the time when George Washington was inaugurated in 1789, until the year 1940, just prior to World War II. This does not overwhelm me. What does is our frame of mind toward this debt, and more, our indifference toward our deficit financing and unbalanced spending in times of prosperous peace.

The responsibility rests on Congress, but Congress must have some help. For one thing, we must have scattered through the spending departments of the Government individuals who have some homely ideas of economy and saving.

I got my early impressions as to a sense of economic values when cotton was 7, 8, or 9 cents a pound. God forbid that we ever go back to such prices; I do not ever expect the small budgets of that date. However, the principle of economy must be retaught and reused by our people, even though many of the methods and practices may change. As a boy I often followed my father as he checked his pasture fences; and when making repairs thereto, I have seen him straighten and reuse a nail or staple, not altogether from necessity on his part, but because of a sane, sound, common-sense approach concerning the use of materials and the saving of money. I certainly bring no blanket indictment against the men and women who direct the colossal affairs of the departments of this Government, but I wonder how many of them in preparing their budgets think in terms of straightening and reusing a nail once in a while—think in terms of conserving materials and saving money? I have not been around here long; but with all deference to the splendid service they are rendering, I have not seen any evidence of anyone in the Navy or the Air Force or the Army who thinks in terms of reusing a nail. They may be there, but I just have not found them. And again, with all deference, I have not found anyone in the Department of Agriculture or in the Department of the Interior, or in any other of the departments of Government, who thinks in terms of reusing a nail. There may be some men in executive positions in the

various governmental departments who are consistently and persistently trying to save and conserve and stretch the public dollar, and thereby save from their appropriation some funds to turn back into the Treasury, and thus help retire the national debt. There may be many such men, but I just have not seen any, and I have not heard of any, yet. But I believe we will have to have such men in these departments in years to come if we are going to keep our fiscal affairs on a sound basis.

As a people, we must again seek and respect the lessons of self-discipline that come from self-denial, a self-denial that develops habits of self-support and self-respect. These basic virtues are essential for character, and they are not the product of magic nor of legislation.

I certainly do not pose as a man of finance or as an expert of any kind. Furthermore, I am a newcomer here, without vast experience in the handling of our fiscal affairs. But, personally, I think that so long as we are at peace, so long as the national income is anywhere near its present volume, and certainly when we are living in an era of relative prosperity, as we are at the present time, the minimum requirements for a sound budget should include the following items, in the priority herein listed:

First. We should earmark a sufficient sum to pay the interest on the national debt. This would require approximately \$5,500,000,000.

Second. We should set aside a minimum of \$2,500,000,000 to be applied in all events toward retirement of the national debt. I would prefer to see \$4,000,000,000 so applied. At present we have no real plan for the orderly and systematic retirement of our national debt.

Third. I would operate the Government on the remaining revenue.

I look forward to the passage of, and shall strongly support, the Byrd resolution, Senate Concurrent Resolution 18, now on the calendar, which seeks to place the entire appropriation picture before the Congress at one time and in one picture, thus supplying a more accurate and complete figure story of the full questions before us.

There are, of course, only two ways to avoid deficit financing for the fiscal year 1950: either to cut the garment of appropriations to fit the cloth of present anticipated income, or to extend the cloth by increasing taxes.

To set definitely the top figure in any appropriation item is primarily a legislative function and duty that should be faced squarely and then performed courageously by the Congress without any evasion whatsoever. I should be disappointed and chagrined if we do not rise to that responsibility. Accordingly, I shall join in any movement to face the issue and reduce appropriations to fit the anticipated revenues. I dislike to do this, but I feel that anything less is an avoidance of a serious and solemn duty.

If we fail in this, I am so convinced of the necessity of meeting a fundamental requirement of sound government, that I shall support vigorously the



McClellan resolution requesting the President to make reductions, within certain limits, of various amounts and items.

I do not believe any tax increase is necessary, and I shall oppose any. I believe that the Congress should and will take effective steps, outside the realm of increasing taxes, to relieve our present and prospective 1950 deficit. But if all efforts fail, and if I am driven to a choice between deficit financing and raising taxes, I will vote for a well-framed and considered tax bill—but under great protest—and this tax to apply for 1 year only. As ill-considered as this might be, it would nevertheless be an effective and firm stand against deficit financing. It would let our own people, as well as the people of all nations of the world, know that we mean what we say when we proclaim that our fiscal affairs will stand on a sound basis at all hazards. Any other course is not only unsound, but it will eventually be suicidal.

I am not pleased over what seems to be our attitude here toward this far-reaching and basic problem. I have seen our course on fiscal affairs unfold, and am now realizing the implications. I have voted for the appropriations so far considered this year, whose totals shall contribute toward an unbalanced budget. As the picture develops and becomes clearer, my path of duty becomes plain. You may place my name high on the list of those who have realized where we are drifting, and also high on the list of those who feel duty-bound to go any reasonable limit to do something about it now, at once, and for the years to come. My plea is not merely a temporary plea for "sound financing" as the term is sometimes used; I plead for a permanent abandonment of deficit financing except in war or other equally extreme conditions. I plead for practical action now that will return our fiscal affairs to a sound basis, because I feel that I know in my own mind that this is absolutely necessary over the years for an effective defense program, for a domestic program of service, and foremost of all, for a continuation of our personal freedom for all and a continuation of opportunities for our youth.

Sound governmental financing being clearly indispensable to a continuation of our freedom and our progress and our defense, let us courageously set ourselves by this polestar and our course, though at times rugged, will be safe for us all.

For us, the Congress, to fail the people on this vital point will be nothing less than political sin.

And now, Mr. President, I indulge the hope that I have arrested the attention of some of my hearers, or that those who read the RECORD may pause and give thought to this problem; but failing in each of these, I have at least tied myself down, and this is a course that I must respectfully recommend to each of my colleagues who has not already traveled this perplexing path.

#### CONSIDERATION OF NOMINATIONS

Mr. PEPPER. Mr. President, I move that the Senate proceed to the consideration of Order No. 1914 on the Executive

Calendar and the remaining nominations on the calendar.

The motion was agreed to.

#### UNITED STATES CUSTOMS COURT

The Chief Clerk read the nomination of Morgan Ford to be judge of the United States Customs Court.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES MARSHAL

The Chief Clerk read the nomination of John E. Sloan to be United States marshal for the western district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations to the United States Public Health Service.

Mr. PEPPER. I move that the Public Health Service nominations be confirmed en bloc.

THE PRESIDING OFFICER. Without objection, the nominations in the United States Public Health Service are confirmed en bloc.

Mr. PEPPER. I ask that the President be immediately notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

#### RECESS

Mr. PEPPER. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 43 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, July 13, 1949, at 12 o'clock meridian.

#### NOMINATION

Executive nomination received by the Senate July 12 (legislative day of June 2), 1949:

##### UNITED STATES MARSHAL

Joseph P. Regan to be United States marshal for the district of Kansas, vice William M. Lindsay, term expired.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate July 12 (legislative day of June 2), 1949:

##### UNITED STATES CUSTOMS COURT

To be judge of the United States Customs Court

Morgan Ford

##### UNITED STATES MARSHAL

To be United States marshal for the western district of Pennsylvania

John E. Sloan

##### UNITED STATES PUBLIC HEALTH SERVICE

APPOINTMENTS AND PROMOTIONS IN THE REGULAR CORPS OF THE PUBLIC HEALTH SERVICE

To be senior surgeon (equivalent to the Army rank of lieutenant colonel), effective date of acceptance

Paul W. Kabler

To be surgeons (equivalent to the Army rank of major), effective date of acceptance

Wilton M. Fisher  
Lawrence L. Swan  
Thomas L. Shinnick

To be sanitary engineers (equivalent to the Army rank of major), effective date of acceptance

Charles D. Yaffe  
Glen J. Hopkins  
Louis F. Warrick

To be scientist (equivalent to the Army rank of major), effective date of acceptance

Robert E. Serfling

To be senior sanitarian (equivalent to the Army rank of lieutenant colonel), effective date of acceptance

Glen M. Kohls

To be sanitarians (equivalent to the Army rank of major), effective date of acceptance

Maurice E. Odoroff  
Nell McKeever

To be nurse officers (equivalent to the Army rank of major), effective date of acceptance

Eleanor C. Bailey  
Avis Van Lew  
Lorena J. Murray

To be senior dietitian (equivalent to the Army rank of lieutenant colonel), effective date of acceptance

Margaret E. Perry

To be assistant sanitary engineer (equivalent to the Army rank of first lieutenant)

Charles E. Sponagle

## HOUSE OF REPRESENTATIVES

TUESDAY, JULY 12, 1949

The House met at 12 o'clock noon.

Rev. Theodore C. Mayer, pastor of the Methodist Church, Wooster, Ohio, offered the following prayer:

Our Heavenly Father, we come to Thee seeking Thy help that we may measure up to the demands of this day. Too long we have sought Thy blessing for our plans, but today we would seek to know Thy will and, in following it, receive Thy blessing.

Too often we have only prayed for the coming of Thy Kingdom, and have wondered why it tarried so long; but today we would seek first Thy Kingdom and in seeking it we shall find it.

Too soon we have stopped our praying and begun what we called the work of the day, but today we would work in the attitude of prayer, placing our trust in Thee and doing all in the spirit of Thy Son, Jesus, in whose name we work. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the RECORD in four instances and include extraneous matter.

Mr. ENGLE of California asked and was given permission to extend his remarks in the RECORD and include an editorial.

## THE HATCH ACT

Mr. SUTTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. SUTTON. Mr. Speaker, today I am introducing a bill to repeal as much of the Hatch Act as prohibits certain officers of the Federal and State governments and members of the armed services of the United States in taking an active part in political management or political campaigns.

The Hatch Act in its present form prohibits a multitude of sins, the prohibition of which I agree with 100 percent. However, it is my opinion that every natural, native-born person should be permitted to exercise his or her prerogatives in connection with the election of public officials.

This Government being founded on the principles of the people, for the people, and by the people, in my opinion, should be at all times governed by the people. If this principle of democracy is to be followed, it is certainly undemocratic to prohibit those who are carrying out the mandates of the law from engaging in political activities.

Many holders of appointive offices are very familiar with the operation of the Government and the requirements connected with public offices. Because of their experience, they are well aware of the type of individual that should be elected to reflect the wishes of the American people but, because of certain provisions of the Hatch Act, they are prohibited from exercising their inherent right, to wit, taking an active part in political campaigns. For that reason, I hope that the bill that I am introducing today will be enacted.

I realize that other provisions of the original Hatch Act should be left in full force and effect, and, for that reason, my bill only relates to those prohibitions denying employees of Federal and State governments and members of the armed forces from taking part in political campaigns.

## ARMED SERVICES UNIFICATION

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BROOKS. Mr. Speaker, the country will be shocked, I know, to learn that the House Committee on Armed Services this morning killed the unification bill by a vote of 13 to 12. The committee voted to postpone any further action on the bill which was just about ready to be voted upon until after the conclusion of the investigation of the B-36. The committee staff is working on an investigation of the B-36; and according to them, it is going to be impossible to conclude that investigation prior to the adjournment of Congress. So I say advisedly that unification is dead for this year in Congress.

I think the country will be interested, too, to know that ex-President Hoover testified that a proper unification bill would save this country \$1,000,000,000. Other witnesses also testified that it would save from two to two and a half billion dollars if we put through a unification bill instead of killing it.

## ARMED SERVICES UNIFICATION

Mr. VINSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON. Mr. Speaker, the distinguished gentleman from Louisiana has informed the House of the action of the Committee on Armed Services. The committee had finished its hearings and had rewritten the bill. It was up for a final vote this morning when a motion was made to postpone further consideration of the bill until after the B-36 hearings are completed. I want to assure the House that counsels for the B-36 hearings, who were selected last week, have started investigation and I will drive as vigorously as I know how to have the investigation completed so that at the very earliest possible date the committee may resume its hearings on what is known as the Tydings bill. I am for the bill. There are amendments which I think are essential safeguards. But the committee in its wisdom has deferred action until the B-36 hearings are completed.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHORT. Mr. Speaker, when the American people know all the facts involved in the pending legislation, S. 1843, coupled with some other legislation, they will not be at all shocked, but will be grateful to the Committee on Armed Services for holding up this legislation temporarily at least.

Our distinguished chairman of the Committee on Armed Services is eminently fair always. Originally his position was to defer this legislation until a later date, but when he was pounced upon by my good friend and colleague, the gentleman from Ohio [Mr. BROWN], trying to rush the thing through, he went to work and he has worked long, hard, and diligently. I am inclined to favor this bill, but from the beginning I have thought it should be considered after investigation of the B-36. In fact, the chairman, the gentleman from Georgia [Mr. VINSON], the gentleman from Louisiana [Mr. BROOKS], and the gentleman from California [Mr. JOHN-SON] and I are about the only ones, with the exception perhaps of three or four younger Members, who are in favor of it. Many of our Members, and the close vote taken today shows it, entertain grave doubts. If you want to save a billion dollars a year and carry out the recommendation of the Hoover Commis-

sion, you can take title IV of this bill and it would pass the committee, I dare say, unanimously. I shall offer title IV as a separate bill today. This will give us efficiency and economy immediately and we can postpone consideration of the highly controversial features of S. 1843 until after further study.

Mr. PRICE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Speaker, I hesitate to prolong this discussion, but I have a very strong feeling on the matter. I thoroughly share the views of the gentleman from Louisiana [Mr. BROOKS]. I feel that by the action taken by our committee this morning we have prevented any action on the tightening of the military unification act during this present session of Congress. Despite the assurance of our chairman, for whom I certainly have the greatest respect, I know something about these congressional investigations. I have been tied up in one on the Senate side for almost 2 months now, and I know that when you get into these investigations, they are prolonged and no one can foretell the end of them.

So I have a feeling a little bit different from that of my chairman that the committee in its wisdom this morning decided to postpone this hearing until the conclusion of the investigation on the B-36 matter. I might say the committee in its lack of wisdom reached its decision this morning.

## EXTENSION OF REMARKS

Mr. HOWELL asked and was given permission to extend his remarks in the RECORD and include a newsletter of the French General Conference.

## PAY RAISE FOR POSTAL EMPLOYEES

Mr. WAGNER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WAGNER. Mr. Speaker, I notice that last week the Committee on Post Office and Civil Service brought before this House a bill with reference to the amount of compensation paid to members of the Cabinet and to different gentlemen in the executive departments. I know that this committee has a great deal of work on its hands but I sincerely hope that they accelerate the hearings which are now in progress and that before this session is concluded they will bring to the floor of this House a bill designed to finally recognize the fact that the employees of our Post Office Department are greatly underpaid and should receive a raise in salary, and also obtain further benefits as proposed in several measures pending before the committee.

The SPEAKER. The time of the gentleman from Ohio has expired.

## PERMISSION TO ADDRESS THE HOUSE

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House



for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[Mr. WALTER addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. MILLEF of California asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

#### THE TYDINGS BILL

Mr. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNSON. Mr. Speaker, I was very sorry to see the Tydings bill, as amended by the House Armed Services Committee, postponed today. I am one of those who firmly believes that if we are going to have a system of defense we must give enough power to the headman to run the entire organization under his supervision. That bill as it was modified in our committee does exactly that. The B-36 investigation undoubtedly will be a very thorough and painstaking investigation. Unfortunately, the Secretary of Defense, who bears my name, wrote a memorandum, or rather Mr. Early, his assistant, did, from which it could be implied that he wanted to have all the testimony pass through his hands. The inference that some make, although I did not make it myself, would be that he would try to censor, to a certain extent, and regiment the testimony. I think if it develops that he is trying to do that it would react very unfavorably against him. But I hope that we can get the Tydings bill before the House before this Congress adjourns, as that will bring real unification, which will result in much economy.

The SPEAKER. The time of the gentleman from California has expired.

#### CONDUCT OF FEDERAL JUDGE

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, I had not intended to take the floor this morning until my good friend the gentleman from Pennsylvania [Mr. WALTER] said something about the trial in New York.

Regardless of what has been said about bias and prejudice in the Hiss case, as one who has spent nearly a quarter of a century in the courts of the land, I know something about court procedure. When five members of the jury, as appears in an article in the New York Herald Tribune this morning, make the statement that they believe the judge was biased and prejudiced against the Government and in favor of the defendant, Hiss, certainly there appears

firm ground for the charges made that the trial was unfair. The jurors, with the attorneys in the case, had the privilege and opportunity of watching the judge, hearing what he had to say, seeing his complete demeanor and attitude on the bench, hearing the inflections of his voice, and having the advantage of noting the gestures of the judge in regard to the case. The trial judge shaking hands with character witnesses in the case in the presence of the jury is an example of the court's conduct. It had its probable effect on the jury. When facts such as that are considered there is ample basis for the statement of the five jurors and Congressmen Nixon and CASE of the Committee on Un-American Activities that Judge Kaufman was prejudiced against the Government and in favor of the defendant, Hiss.

#### EXTENSION OF REMARKS

Mr. DONDERO asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

Mr. POTTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include Senate Concurrent Resolution 44 of the Michigan State Legislature.

Mr. KEATING asked and was given permission to extend his remarks in the RECORD and include an editorial.

#### BURDENSOME EXCISE TAXES

Mr. KEATING. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEATING. Mr. Speaker, unquestionably the President is on firm ground when he concedes the error of his ways and withdraws his insistence upon a tax increase at this time. His willingness, even though belated, to face up to the realities of the economic picture in this respect is to be commended.

It is disappointing that the only reduction in taxes which he recommended has to do with the excise tax on the transportation of goods.

I can think of no greater spur to business activity than would be afforded by favorable action on the bill of our distinguished minority leader to eliminate or reduce many of the Federal sales taxes imposed originally to secure extra revenue for the prosecution of a war, but still continued, and now threatening to become a permanent fixture in our economic picture unless action is taken promptly to grapple with temptation. So long as we continue to open added sources of revenue to the Federal Government, we will look in vain for substantial economies. Only the compulsion of necessity will force cuts in our budget which all of us know can, and should be, made.

If the Martin bill needs amendment, the Committee on Ways and Means should get on with the task of presenting to us a measure relating to these Federal sales taxes which it considers

sound. The inaction which has characterized this committee in the present Congress is regrettable in the light of the opportunities for constructive service afforded it.

It should not be necessary for this committee to take its dictation from the President or be guided only by his views in charting its future course.

The other great disappointment, of course, in the President's message came in the continuance of his adherence to the principle that the Government must spend its way out of the present period of recession. Just as the elimination of excise taxes is a sure key to business revival in many fields, increased deficit financing and unwillingness to accept reductions at any point in governmental spending is an infallible source for creating lack of confidence on the part of business and thereby accelerating the present downward trend. Before it is too late, we should promptly and emphatically disavow our willingness, as Members of Congress, to go along with such a theory which has proved disastrous in the past and clearly portends nothing but danger for the future.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[Mr. VURSELL addressed the House. His remarks appear in the Appendix.]

#### HUGH D. SCOTT, JR., CHAIRMAN OF THE REPUBLICAN NATIONAL COMMITTEE

Mr. JACKSON of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JACKSON of California. Mr. Speaker, I would like to associate myself with and concur in the remarks just made by the distinguished gentleman from Illinois [Mr. VURSELL]. Partisan politics aside, I have always found the distinguished gentleman, our colleague from Pennsylvania [Mr. HUGH D. SCOTT, JR.] to be sincere, able, and forthright. It is true that I personally do not go into transports of delight over the gentleman responsible for Mr. SCOTT's appointment in the first instance. In light of that fact I can speak with a degree of impartiality. I have found that the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.] is a man of his word and a man of high principle. I call that to the attention of the national committee hatchet-men. I have found his character to be above reproach in all respects and I trust that not only will this House have the benefit of long continued and effective service but also that those beating the tom-toms for his dismissal as chairman of the Republican National Committee will take into consideration the virtues and the characteristics which have endeared him to us who have come to know him so well.

## EXTENSION OF REMARKS

Mr. WERDEL (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in the RECORD.

## SPECIAL ORDER

Mr. JAVITS. Mr. Speaker, I ask unanimous consent that the special order I have for today be transferred to Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

## THE PRESIDENT AND HIS PROMISES

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS. Mr. Speaker, the President in the last campaign was profligate in his promises.

Apparently in an effort to make good, he presented to Congress the largest budget by several billions that any President ever presented in peacetimes.

In his effort to emulate Roosevelt he thinks that spend and elect are political synonyms.

He demanded that Congress increase taxes by four thousand millions, which Congress has refused to do.

Instead of realizing that debt and communism are two of America's most serious problems, he laughs at debt and jokes about communism.

As a result, he has brought upon the country a serious depression, and his "red herring" is now engaging our courts in long and disgraceful trials.

Yesterday in his message to Congress he has reluctantly abandoned his demand for more taxes.

He still clings to his impossible theory that prices can be lowered without lowering the cost of production.

For purely political purposes he understates the facts with reference to the depression.

He refuses to recognize that the three principal problems facing the country now are:

First. Extravagant Government spending;

Second. The seriousness of unemployment in the country; and

Third. The dangerous trends of our country toward communism and toward foreign alliances from which we will never be able to extricate ourselves.

Mr. Truman, you are the President of the greatest Nation in the world. You should demean yourself accordingly. You are serving future generations and eternity. Eternity is a long time.

## EXTENSION OF REMARKS

Mr. JENKINS asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. MERROW asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article written by him appearing in a New Hampshire newspaper.

Mr. LEMKE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. ELSTON asked and was given permission to extend his remarks in the RECORD and include an article from the Cincinnati Enquirer by Mr. Bromfield.

Mr. McDONOUGH asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include an article.

Mr. RICH asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement entitled "We Go Back to Deficit Spending" by the secretary of the Council of the State Chambers of Commerce.

Mr. MARSHALL asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. KARST asked and was given permission to extend his remarks in the RECORD and include a letter.

## GOVERNMENT EXPENDITURES

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I wonder what has happened to the report of the Joint Committee on the Legislative Budget. That committee was supposed to have reported on the 15th of February the amount of money we are spending and the amount of receipts we are taking in. I would like to know why that committee does not function.

If you will read the statement I now insert in the Appendix of the RECORD, you will find that last year we had a credit to the good of the Government of \$8,419,000,000, while on June 30 of this present year the Government was in the red to the extent of \$1,811,000,000. The first figure came from the Eightieth Congress and the last is due to the spending of the "Eighty-worst" Congress. The difference is \$10,230,000,000. Some difference, I would say.

Mr. Speaker, last year we spent \$1,811,000,000 more than we took in. Every one of the Members ought to know enough to balance the budget.

We should be ready at all times to see that our house is in proper financial order. We cannot continue this deficit spending and keep solvent; we cannot give everybody everything they want and expect to keep solvent. You must be able to say no. It is necessary to say no. The President should not ask for all the New Deal proposals that he has—they are ruinous to our Government—such as socialized medicine, aid for education, arming all countries of the world, the St. Lawrence seaway, and so forth, and so forth. Let us stop spending, go home, and give the country a rest from this squandering administration.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

## EXTENSION OF REMARKS

Mr. TOLLEFSON asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. MACY asked and was given permission to extend his remarks in the RECORD and include two editorials.

## CALENDAR WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

## RURAL TELEPHONE SERVICE

Mr. COLMER. Mr. Speaker, I call up House Resolution 267 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and the ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, this resolution makes in order the consideration of H. R. 2960, the rural telephone bill, which is an amendment to the Rural Electrification Act. Mr. Speaker, I believe that possibly the greatest service that has been rendered the rural people of this country was the passage of the Rural Electrification Act. It has certainly brought greater benefits to the rural people of this great country of ours than any other piece of legislation enacted under the so-called New Deal program.

Mr. Speaker, I am an old-fashioned American. I believe that in order to have a healthy America we must have a healthy rural people. If it is left to the people of the rural areas of this great country we would never have any communism or any other foreignism. The rural people of this country are possibly more responsible for the splendid system of free government that we enjoy than any other segment of our people. I do not mean by that to cast any aspersions upon those who dwell in our great urban centers. But, I think it is a matter of common knowledge that these foreignisms originate and flourish more in the congested centers than they do in the rural areas. Therefore, if we are to continue as a great free people it seems to me that one of the primary considerations and objectives of ours is to see that



our rural people are prosperous and are content, and thereby stem, so far as possible, the constant trend of our people to move into the congested areas of our great urban centers. So this is another step to bring about that healthy condition in our rural areas to try to prevent, so far as possible, the trend of our rural people to move into the great urban centers.

I believe in free enterprise. I believe it is the basic success of our system. This bill is not in conflict with that philosophy, but I should like to pause in passing to say that if our private enterprise system would exercise itself a little more to bring the benefit of modern inventions and modern improvements within the grasp of our rural people, Federal assistance to rural electrification and rural telephones would not be necessary. Since this legislation has been introduced, private enterprise engaged in these particular areas has exercised itself considerably to give the benefit of rural telephone service to the rural people of this country.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I would be glad to yield to my distinguished and long-time friend, for whom I have great admiration and to whom some day the people of this country will erect a monument, for—like Cato of old, who always arose and said that Carthage must be destroyed—my friend arises in this Hall and tells the people that they must cut down on their spending. He is so imminently correct.

Mr. RICH. I thank the gentleman.

If the telephone people of this country now are extending their lines out into the rural areas, knowing what has happened in the past in regard to rural electrification and things of that kind, does not the gentleman believe that the private enterprise system will now continue to extend the telephone service so that it will be in reach of every community in this country? If we give them a little more time, and if they do do that, then will we not save the Government from branching out into these lines of private endeavor in competition with the private enterprise system? If we are not careful what we do, we will kill the private enterprise system just as sure as little apples grow.

Mr. COLMER. Private enterprise has been slow in doing anything about this, just as it was in the case of rural electrification. It began to exercise itself when this legislation was first fostered. If private enterprise will continue to exercise itself, it will be given the opportunity to do the job, under the philosophy of this legislation.

Mr. YOUNG. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield.

Mr. YOUNG. Is it not a fact that the Rural Electrification Administration represents one of the great achievements of this Nation during the last 15 years, and is it not a fact that at the time the rural-electrification measure was before the Congress of the United States, the same argument was made by its opponents as is now made by the gentleman from Pennsylvania against this very

fine amendment proposed to the Rural Electrification Administration Act which would extend that act to include rural telephones?

I favor this legislation, as does the gentleman from Mississippi, and I believe that the House of Representatives will do a great public service today in passing this legislation.

Mr. COLMER. My friend from Pennsylvania wants to answer that question. I yield to him for that purpose.

Mr. RICH. I am not interested in trying to keep the people of this country from getting some of the benefits, but I am trying to keep this country solvent. I want to say to my friend on the other side of the aisle who wants to criticize me for anything that I might do or say, that I am subject and open to any criticism which might come to me, but I want to tell you that when the Rural Electrification Administration goes out as it has been doing for the last 2 or 3 years trying to build power plants to compete with private enterprise, when they are not necessary, it is just incurring an added expense for the Government which should not exist. I do not care where or how it is, but we should be very careful that we do not kill private enterprise because we are going into socialism just so fast that some day you will be the fellow who is ruined. Then do not blame it on me, because I tried to keep the private-enterprise system, which has made this country the greatest country on the face of the earth in 170 years. That has not been accomplished by socialism. Look what has happened to Great Britain now. Do you want to get in the same position that they are in over there? God forbid.

Mr. COLMER. Let me say to my friend from Pennsylvania that there is not a great deal of difference between his philosophy and mine, both in general, and particularly in this matter. My argument is that this will render a service that private enterprise has not rendered and that now private enterprise will be given the opportunity to render that service with the assistance afforded in this bill.

Mr. YOUNG. If the gentleman will yield further for just an observation—the passage of this legislation will in fact save the taxpayers of this Nation money instead of causing additional expenditures.

Mr. COLMER. I yield to the gentleman from North Carolina, the chairman of the committee.

Mr. COOLEY. I would just like to point out to the gentleman from Pennsylvania that according to information supplied to the committee in 1920 43½ percent of the farms in Pennsylvania had telephones and as late as 1945 only 40.4 percent of the farms had telephones.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the gentleman from Missouri.

Mr. SHORT. I am glad that the able gentleman from Mississippi pointed out that there is not so much difference between the proponents and opponents of this legislation, if they really understood it. I think most of us believe in private enterprise, but we will agree with the

gentleman from Mississippi that private industry in the past has gone only into the cream districts and have neglected the skimmed milk districts of this country. The remote rural areas of America are entitled to electric power which will shift the burdens of the world's work from the backs of men and women to muscles of iron and steel. And they are entitled to this telephone service so long as it is not built along parallel lines so as to destroy private investments of individual citizens who are engaged in lawful and legitimate enterprise.

Mr. COLMER. I thank the gentleman from Missouri for his usually splendid contribution.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the author of the bill, the gentleman from Texas [Mr. POAGE], who is to be congratulated for piloting this splendid piece of legislation from his committee.

Mr. POAGE. I want to call the attention of my friend, the gentleman from Pennsylvania, to two sets of figures. The figures for Pennsylvania have been called to the gentleman's attention. The United States as a whole has actually lost rural telephones, or at least a percentage of rural telephones has decreased since 1920. In 1920 there were 38.7 percent of the rural homes of America supplied with some form of rural telephone. In 1945, the last year for which there are census figures, there were only 31.8 percent.

Let me call attention further to the fact that in 1935, when the REA began its operations and made its first loans in 1936 for the extension of electric lines in this country, about 11 percent of the rural homes of America had electric connections, whereas about 22 percent, or almost twice as many, had telephones at that time. Today the figures are almost exactly the reverse. There are almost exactly twice as many rural homes with electricity as there are rural homes with telephones. In other words, under the assistance of the REA, we have increased rural electrification from 11 percent to approximately 75 percent in this Nation. During the same period of time the Nation has lost in the percentage of rural homes supplied with telephone service.

Mr. COLMER. Mr. Speaker, I thank the gentleman for his observation.

I said in the beginning that the REA had furnished a great service to the rural people of this great country of ours. I can think of nothing that would be of greater service than to give them the benefit of rural telephone service. Certainly, if they need electric lights, they need this method of communication, which is enjoyed by our urban residents everywhere.

Mr. SHORT. Mr. Speaker, will the gentleman yield further?

Mr. COLMER. I yield.

Mr. SHORT. Since the telephone poles are already erected, what objection could there be to stringing a telephone wire under the electric wire, to serve these people in the remote areas that often need help in times of emergency, for instance, when they have to call a doctor?

Mr. COLMER. Of course, that is the plan that is intended under this legislation.

Mr. Speaker, I now yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and I reserve the remainder of my time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this rule makes in order consideration of H. R. 2960, a bill to amend the Rural Electrification Act, to provide for rural telephones, and for other purposes.

Getting away from the apparent—and I repeat apparent—harmlessness of the preamble, really what does this bill do?

It authorizes and empowers the Administrator of Rural Electrification to make loans for a 35-year period, with interest at the rate of 2 percent for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of telephone lines anywhere without regard to geographical location.

He can make these loans to public bodies, cooperatives, nonprofit limited dividend or mutual associations. Telephone service shall deem to mean any communication service whereby sounds, signals, signs, writing, or pictures of all kinds are transmitted with the use of electricity, including but not limited to wire, wireless, or wire carrier transmittal and reception, and shall include all telephone lines, facilities, or systems used in the rendition of such service. Rather a big order I would say.

However, before going into these complicated, impractical, unsound, and far-reaching provisions of this bill, I want to emphasize that I favor every person having a telephone who desires one, where it is practical to have one if he can afford it.

I appreciate that there are many misinformed people who feel that the thousands of independent telephone companies have been derelict in providing adequate telephone facilities to the public the past 10 years. That is the farthest from the truth. We must never forget that during the depression, there was no demand from the public for additional telephone facilities. Then the war came along and the rulings and regulations of the War Production Board, and the telephone companies were forbidden to sell or install telephones for normal use. They all went to the military. Also, during the war they were unable to obtain sufficient help to advance their lines. Notwithstanding the depression and the war with their handicaps, still farm telephones have increased from 1,526,954 in 1940, to 2,473,000 in 1948, or a gain of nearly 60 percent.

I cannot think of any comparable gain in any other public service, with the possible exception of rural electrification—and that is only to be expected. Because it is only natural that large landowners of the South will furnish, without exception, the share croppers and cotton pickers electricity in their little cabins while they will provide but one or two of these people in close proximity with telephones.

Farm-telephone density is related directly to farm income. The economic

status of the farmer determines the number of telephones. Many share croppers and cotton pickers make less than \$500 a year. With such a low income, is it not natural that they do not have the desire to pay for a telephone. The problem, as I see it, is to do something that will raise their income whereby they can afford to pay for a telephone—not to spend millions of dollars for telephone poles and telephone lines near their cabins when they cannot afford to pay for a telephone when the service reaches them.

Over 76 percent of the farmers in Illinois have telephones. The only ones that do not have them are the ones who live in a remote area. It would necessitate installing posts and lines, running miles, at a cost of thousands of dollars. Even as far as this bill goes, it would not take care of them.

Yes; many will contend that the thousands of independent telephone companies have done a bad job. Still, the fact remains that of the 60,000,000 telephones in the world, the United States has nearly two-thirds, or 37,000,000, which I believe is very good.

My good friend, the author of this bill, the gentleman from Texas [Mr. POAGE], stated, as appears on page 108 of the hearings:

I may say in all frankness that I contemplate that this bill should have the power to provide competition because if it does not have the power we do not get much done.

Of course, there is not and should not be competition in the telephone industry. In 1913 the Department of Justice decreed, when the question was before it, that competition in the telephone industry was impractical and was definitely not in the public interest. The telephone industry was determined to be in the public interest a natural monopoly, and rightfully it was placed under strict Federal and State regulation, and it remains in that position today.

From a practical viewpoint, can you possibly conceive of competition in our telephone industry? It would mean, in the true sense, that you could have a telephone belonging to one company, your neighbor on the right a telephone belonging to another company, and your neighbor on the left a telephone belonging to still another company. What a mix-up. Still, this measure provides for just such a thing.

As a matter of fact, this bill, if enacted into law, might easily place all the telephones of the country under Government ownership. Perhaps that is the ambition of many who are supporting this bill, but I earnestly state that is not the goal of the gentleman from Texas [Mr. POAGE]. We all know him too well.

How could all telephones ultimately become Government-owned if this bill becomes a law? I will tell you why.

At the present time there are many independent telephone companies borrowing from the Reconstruction Finance Corporation in order to make improvements and advance their lines. They pay 4 percent interest and the maximum term is for 10 years. They pay income taxes and a dozen other taxes.

How can they possibly compete with certain agencies such as cooperatives which do not pay like taxes. How can they possibly compete when they are compelled to pay 4 percent interest to one governmental agency when under this bill others can borrow from another governmental agency—the Rural Electrification Administration—paying but 2 percent interest.

I cannot understand how anyone can possibly hold that the Federal Government should loan money to anybody for a long term at 2 percent, when it pays more than 2 percent itself for long-term borrowing at the present time, and no one knows how much higher interest they might have to pay—not 35 years from now—but perhaps 5 years from today.

Right at this minute, the Treasury Department is using the radio, press, and sound trucks to sell bonds bearing interest of over 3 percent. Think of it—when under this bill they will loan the same money at 2 percent. Rather silly, isn't it?

As far as I have been able to learn, the Director of the Budget has not given his approval to this bill; no one knows the cost over the next 35 years; no one knows whether it is part of the President's program.

In my opinion, if this legislation is to be passed, the following desirable amendments should be added:

First. Antiduplication of facilities to prevent competition.

Second. To prevent right to acquire existing property—purpose is to expand and provide service where it does not now exist.

Third. To give existing telephone companies a clear preference over all "newcomers."

Fourth. To prevent refinancing of debt-ridden companies for the purpose of unloading their bad investments on the Government.

Fifth. To make certain the interest rate is no lower than the cost of money to the Government for like term of borrowing.

Sixth. To provide that local or regular commercial sources of loans must be exhausted before a loan can be made under this bill.

Seventh. To substitute Reconstruction Finance Corporation for Rural Electrification.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Illinois.

Mr. CHURCH. I want to congratulate the gentleman for a very fine statement. I hope the amendments he has suggested will be adopted before the bill finally becomes law; if it does.

Mr. ALLEN of Illinois. I thank the gentleman very much. I hope the Members will study these seven amendments. I am certain if they do the majority will agree with the seven amendments I have offered.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, I represent a district composed of nine counties which extends across the eastern



section of Tennessee from Kentucky to the North Carolina line and pretty close to the Georgia line. Thousands of my people live on farms. For the past several years the residents in the northeast section of my home county of Knox have repeatedly appealed through me to the local telephone company for the extension of telephone lines to their farms. Doctors are scarce in the country. There are very few country doctors, and if we had telephones these people, many times, by calling the doctor's residence, could find out whether or not he was available at home and, if not, where he could be found. They need telephone service for that purpose.

In addition to that, many times by the use of the telephone, they will save themselves the expenditure of from three to five dollars for gas and oil and for wear on their automobiles. I hold in my hand here a sheaf of telegrams that have come to me today from the vicinity of Fountain City, a suburb of Knoxville, where 25,000 people live; from Hall's Crossroads, and from Harbison's Crossroads, and from Corryton sections of the county which are heavily populated, thickly populated, with progressive, prosperous farmers. They do not want anybody to give them anything. They want an amendment to the REA Act so that they may borrow from this agency which has been loaning rural-electrification concerns the money with which they have extended the lines from the central stations of the Tennessee Valley Authority thus carrying electricity to all of the sections of that great region of my State. These people need telephone service. Hope deferred, I am told in the Proverbs, maketh the heart sick, but when the desire cometh, it is a tree of life. My people have long hoped in vain. The time of their deliverance, by this measure, is near at hand.

We Tennesseans in my section of the State cannot truthfully be said to be socialistic. We have been Republicans since the party came into existence. My district has not elected a man of the opposite political faith to this House since 1856. They who are supporting this measure are Republicans for the most part. This, however, is not a partisan measure. Its enactment will benefit all the people.

Tennessee has been liberal with the western section of our country.

My congressional district sent Sam Houston from Blount County to Texas under a mandate from Andrew Jackson to take that vast empire away from Mexico, and he did it. When he was a boy 5 years of age, the pioneer father and mother of SAM RAYBURN moved from their home in Roane County, Tenn., in the Second Congressional District, to Texas, where SAM grew to manhood. The people of Texas, at a time when the memory of man runneth not to the contrary, saw in SAM splendid congressional timber and have continuously elected and reelected him to this body, and he is now for the second time the Speaker of the House.

This measure is an effort to give the people of this country the services they are entitled to enjoy; and that they are willing to pay for.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman from Missouri.

Mr. SHORT. It must not be forgotten that last year in the awful do-nothing Eightieth Congress we voted \$400,000,000 for rural electrification, which was \$100,000,000 more than was requested by the President or the Director of the Bureau of the Budget.

Mr. JENNINGS. That is true, and it has been a benediction and a blessing to the people to whom it has carried electric current. It has lifted the heavy burden and the drudgery off the bent backs of the farm wives. You can go to the remotest portion of my district and find deep-freeze outfits. You find in their churches and schools, places of business, dairies and homes electricity that is enabling them to live a prosperous and happy life.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, as the Members of this body well know, we are all receiving scores of communications from our people all over the country asking that the Congress approve taxation on the income of cooperatives. We have the question of deficit financing ahead of us again. We are already short of revenue.

As friendly as many of us are to the cooperative movement, it may be that we are facing a situation where cooperatives will have to be taxed if we are to raise the revenue for which our appropriations call.

In reading this bill, on page 3, lines 22 to 25, we find this language:

That the Administrator, in making such loans, shall give preference to persons providing telephone service in rural areas, and to public bodies, cooperative, nonprofit, limited dividend, or mutual associations.

Here we further intensify the problem that we will have to deal with in due course from the standpoint of taxing cooperatives.

I join with the gentleman from Illinois who advocates that the interest on these loans be increased. I say this because we do not believe that any group of our people is entitled to loans from the Federal Government below the cost of the interest on those loans to the Federal Government. We know what they are paying on savings bonds, we know what the average rate of interest paid by the Treasury on all borrowings amounts to, and we know that, generally speaking, as we move into a higher and higher interest period we are not going to be able to borrow the money to finance the problems of this Government on a 2 percent basis. I for one would like to see the rates handled in such a way that the people who pay taxes generally will not have to subsidize this operation because of too low an interest charge.

I should like very much to see an amendment offered, which I understand may be offered by the gentleman from Kansas [Mr. HOPE]—I am not saying he will offer it, but I have been told he was thinking about offering it—which would protect the established privately fi-

nanced telephone companies now in the field. Certainly we should give some very serious thought to that before we take action which will set up Government competition against those little people who have furnished the venture capital and the risk capital to carry on those operations.

There are some things that can be said about the big telephone companies in particular. I had an experience just recently within only a few miles of this building where the poles are set up and the right-of-way is provided, and yet the telephone company of Washington wanted \$225 to extend a little line only a few hundred feet from poles which were already on the farm. I sent word to the manager of the telephone company to the effect that action of that kind was one of the main reasons why the Congress would vote for a bill such as we now have before us, and why they voted for REA in the first place. The public utilities do not have clean hands in connection with this entire operation. Personally, I do not believe they will make these expansions as rapidly as our people require and as rapidly as they need them. I think there should be some stimulation of some kind along the line. But at the same time these amendments which have been discussed by the gentleman from Illinois with respect to interest rates and with respect to the prohibition of duplicating facilities and having RFC participate in some of these loans, are amendments which are certainly worthy of consideration and serious debate by this body. Altogether I hope that as the discussion goes on this afternoon, we will get into the heart of this and do what is right for our people.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. How can anyone be for private enterprise when the interest rate on loans to some agencies is 2 percent and the RFC lends independent money at 4 percent, and yet the independents have to pay taxes.

Mr. CRAWFORD. Of course that is one of the big problems which face us in connection with this whole cooperative movement and if we do not voluntarily do something about it, eventually economic conditions will force us to do something.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the balance of the time to the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY. Mr. Speaker, I want to speak a few words with regard to this legislation. I am a farmer as most of you know, and have been responsible in varying degrees for 16 years and for the last 6 years—until this spring—as the unpaid manager of a rural telephone company in my own community. I do know that in Indiana we have a larger number of these rural companies which were organized 35 and 40 years ago as stockholding companies. Our company has approximately 200 stations and is currently charging a rate of about \$2.25 for party-line service. In my home county there are about six other small companies of the same kind, all of them

operating on a hand-to-mouth basis. We were incorporated as a stock company and naturally have paid all of the same type of Federal taxes that the Bell Telephone Co. and any other company pays.

But more than that, our little company which only cost the people of that community \$2,500 40 years ago, today is paying taxes on an assessment of \$100 a mile, while the Bell Telephone Co., or at least the division in my county seat, at Newcastle, pays the exorbitant rate of \$30 a mile as established by the Public Service Commission of Indiana. What is the difference? I will tell you the difference. It is because the Bell Telephone Co., as an Indiana institution, has plenty of legal talent to look after their interests.

The little companies out there have to take what they can get and they get plenty of taxes. Mind you, I do not say that these companies should not pay it. I think they should. But I do say that the rural companies, under the present set-up, are not being favored. In fact, they have the cards stacked against them.

Now, what is the answer? These companies, given proper encouragement, will combine. What will be the result? I can tell you. They will be able to operate an efficient system, which they cannot do today. My little company would like to install a dial telephone system so that we could give the people 24 hours' service at a price they could afford to pay. But how much would it cost? It would cost \$20,000 to put in a dial system for 200 stations. There is not enough money in my community that could be borrowed on a long-time basis, to effectuate this change. The same thing is true all over Indiana.

I am as much in favor of free enterprise as any of the rest of you. I want to encourage it. I say to you that as far as the State of Indiana is concerned there is no intention on the part of the Bell Telephone Co. to expand into the rural areas. Their policy in the past has been to withdraw from those areas. I find no fault with them. They are in business for themselves. They frankly say that they have skimmed the cream. They have taken the richest and most productive source of revenue in the State, and the rural areas will not pay their way, so they should not be saddled with servicing those areas. That leaves half the population—because Indiana is approximately 50-percent rural—without any future assurance of a continuation of service. All of these little companies are gradually going to pot. The reason is because their original owners were willing to operate and maintain them and service them and give of their time for free, as I did. But the time has come when you can no longer get people to operate a telephone company and give of their time and service day after day for free, which you have to do in order to operate the system.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. HARVEY. I yield.

Mr. CRAWFORD. I wish to ask the gentleman a couple of questions. Did I

understand the gentleman to say his little company had to pay taxes of \$100 per mile?

Mr. HARVEY. That is the valuation. No; that is not taxes. That is the valuation, as assessed by the public-service commission.

Mr. CRAWFORD. That is on your little company?

Mr. HARVEY. Yes.

Mr. CRAWFORD. While on the big company it is only \$30 a mile?

Mr. HARVEY. That is right.

Mr. CRAWFORD. My second question is this: Does the gentleman believe that under the provisions of this bill as here submitted your small company can receive the necessary financial assistance to put it on a proper running basis, or are there some amendments which you think should be put into the bill?

Mr. HARVEY. I would say to the gentleman I do not have time to go into the details of any amendments that might need to be placed in the bill to protect already existing companies from having duplicating facilities come in and run them out. Of course, I would want to protect the companies that intend to stay in the rural communities and service them.

The SPEAKER. The time of the gentleman from Indiana [Mr. HARVEY] has expired.

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

#### UNITED NATIONS

Mr. LYLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 280, Rept. No. 1012), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4708) to amend the United Nations Participation Act of 1945. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### EXTENSION OF REMARKS

Mr. RAMSAY asked and was given permission to extend his remarks in the RECORD and include an address by Admiral Louis E. Denfeld, at the Legion convention on June 30.

THE DRIVE FOR A MILITARY DICTATORSHIP CONTINUES

Mr. HOFFMAN of Michigan. Mr. Speaker, one not familiar with the methods of the administration and the Military

Establishment, listening to the 1-minute talks made at the opening of the session today, would undoubtedly be led to believe that unless the Tydings bill now before the House Armed Services Committee was reported out and forthwith passed by the House, the Nation would be defenseless.

It is well that the committee has postponed action and that, before it sends that bill out with a favorable report, it attempt to ascertain the necessity for the proposed legislation and the effect which it may have upon the country.

Less than 2 years ago, the National Security Act of 1947 became the law of the land. The announced purpose of the act was the unification of the armed services so as to give to the country greater efficiency at less cost.

The bill was driven through committee and Congress by a powerful lobby directed by military men, the result of whose action, whatever may have been their intention, tended to establish here in the United States a military dictatorship similar to that advocated by Bismarck, Hitler, and Mussolini, and completely out of step with the concept of military power outlined by the Constitution.

High-ranking officers of the Navy, who were on active, as distinguished from swivel chair, duty during World War II, were, until shortly before the close of the hearings, effectively gagged and, by the action of a majority of the committee which reported out the bill, denied the opportunity to freely express their views as to either the necessity for, or the effectiveness of, the proposed reorganization of the armed services.

The bill as finally written continued the opportunity—which the President and the armed services already possessed—to give unification and a measure of economy and increased efficiency.

Some of my views of the legislation were set forth in House Report No. 961, Eightieth Congress, first session, as follows:

The writer of this report is convinced that until a few days before the committee ordered the hearings closed, all officials in the Navy, many of them high ranking officers, who bore the brunt of the Nation's battle on the sea and in many instances in the air, were prevented by Executive gag from freely expressing their objections to the bill.

In the opinion of the writer the proposed legislation does not conform to the procedure for the national defense as outlined in the Constitution.

The proposed legislation, instead of leaving to the Congress the duty and the responsibility of providing for the national defense, of making appropriations to the Army to be expended within 2 years, of providing, as directed by the Constitution, for a Navy, places that duty and that responsibility upon a National Military Establishment—a new and an additional organization superimposed upon the Army, the Navy, the Air Forces, and the Congress.

A careful reading of the bill, of the hearings, and a realization of the implications justify the conclusion that the possibilities of a dictatorship by the military are in this legislation.

There is nothing in the testimony to justify the argument that it will in the near future bring about economy in our Military Establishment.



The argument that it will promote efficiency is met by the historic fact that in our blundering, so-called inefficient, wasteful way, our fighting men have on all occasions overcome the forces of the centralized militarism of those they have met in battle.

The thought that the National Military Establishment and the departments or agencies established by this bill should be clothed with power to plan our foreign policy, thus usurping the functions of the President and the Congress, and under the plea of co-ordination, regiment our production and our resources, is abhorrent. Yet under this bill that is the proposal.

It is no answer to say that these new agencies are granted only the power to plan, no power to execute; that to Congress they must come for funds to implement their plans.

It is a matter of common knowledge that all too often the Congress and the Nation are whipped into line, compelled to support plans and policies promulgated either by the State Department or the administration and of which the Congress has no knowledge until advised that we, as a Nation, were committed to such a policy.

Why then does the writer file the committee report and not oppose the bill?

Because and only because legislation seems inevitable and H. R. 3979 introduced by him, modified in some respects by the subcommittee and the committee, and finally molded into H. R. 4214, is the best bill that was obtainable.

Forced to take a bitter dose of a medicine of doubtful value the patient seeks to make it less distasteful, less harmful by every conceivable device and provision.

The hearings held on that bill disclosed that there had been a deliberate attempt on the part of General Eisenhower, as Chief of Staff, to either eliminate or curtail the Marine Corps as an independent unit.

The situation on that issue was disclosed—although somewhat inadequately—in the report above referred to as follows:

Examination of the Joint Chiefs of Staff 1,478 papers convinced the committee that a specific statement of Marine Corps functions was imperative if the Marine Corps was to be protected from being eliminated as an effective combat element, which, according to the testimony of Fleet Admiral Nimitz, was the intention of the Army.

The hearings had not progressed far before it became evident that, not only in the Marine Corps but throughout the country, there was a fear that an effort had been and was being made not only to reduce the size and limit the functions of the Marine Corps, but a possibility that it might be reduced to the status of a police force.

The existence of any justifiable basis for such a fear was denied by some witnesses who held the highest ranks. That there was justifiable ground for this apprehension is apparent if one reads the memorandum by the Chief of Staff, United States Army (General Eisenhower), under date of May 16, 1946, and the reply of Admiral Nimitz (hearings, National Security Act of 1947, p. 640).

In the memorandum forwarded by General Eisenhower, then Chief of Staff, United States Army, among other things we find this:

"The conduct of land warfare is a responsibility of the Army. Operationally, the Navy does not belong on the land; it belongs on the sea. It should have only technical and administrative functions on land in connection with its headquarters, bases, or other naval installations. The emergency development of the Marine Forces during this war should not be viewed as assigning to the Navy a normal function of land warfare, fundamentally the primary role of the Army.

There is a real need for one service to be charged with the responsibility for initially bridging the gap between the sailor on the ship and the soldier on land. This seems to me properly a function of the Marine Corps. I believe the Joint Chiefs of Staff should give serious consideration to such a concept. The need of a force within the fleet to provide small readily available and lightly armed units to protect United States interests ashore in foreign countries is recognized. These functions, together with that of interior guard of naval ships and naval shore establishments, comprise the fundamental role of the Marine Corps. When naval forces are involved in operations requiring land forces of combined arms, the task becomes a joint land-sea, and usually Air Force mission. Once marine units attain such a size as to require the combining of arms to accomplish their missions, they are assuming and duplicating the functions of the Army and we have in effect two land armies. I therefore recommend that the above concept be accepted as stating the role of the Marine Corps and that marine units not exceed the regiment in size, and that the size of the Marine Corps be made consistent with the foregoing principles."

To that view, Admiral Nimitz, under date of March 30, 1946, replied:

"The basic and major issues considered in J. S. C. 1478-10 and J. C. S. 1478-11 comprise a proposal on the part of the Army (a) to eliminate the Marine Corps as an effective combat element, reducing it to the status of a naval police unit with possibly certain ancillary service functions in respect to amphibious operations, and (b) to abolish an essential component of naval aviation which operates from coastal and island shore bases. To those ends these papers propose to discard agreements on these matters which have been arrived at between the Army and the Navy from time to time over a period of more than 20 years, and which have resulted in a responsibility for functions proven highly effective in World War II.

"In matters so vital both to the Marine Corps and to naval aviation, I consider it appropriate and desirable that the Joint Chiefs of Staff should have the benefit of the views of General Vandegrift, the Commandant of the Marine Corps, and of Vice Admiral Radford, the Deputy Chief of Naval Operations for Air. Their comments are attached as enclosures A and B, respectively.

"I agree with the Chief of Staff, United States Army, that further exchange of papers on the subject of the missions of the land, naval, and air forces will serve no useful purpose. It is further apparent that the question is part of the larger one of the merger of the War and Navy Departments, which proposal was, at the Army's insistence, referred to the President and which is now before the Congress. Thus, the matter now under consideration has already reached levels higher than the Joint Chiefs of Staff."

General Spaatz, commanding general, Army Air Forces, wrote:

"I recommend therefore that the size of the Marine Corps be limited to small, readily available and lightly armed units, no larger than a regiment, to protect United States interests ashore in foreign countries and to provide interior guard of naval ships and naval shore establishments."

General Eisenhower, Chief of Staff, United States Army, also wrote:

"The following is proposed for consideration: \* \* \*

"(1) That the Marine Corps is maintained solely as an adjunct of the fleet and participates only in minor shore combat operations in which the Navy alone is interested.

"(2) That it be recognized that the land aspect of major amphibious operations in the future will be undertaken by the Army

and consequently the marine forces will not be appreciably expanded in time of war.

"(3) That it be agreed that the Navy will not develop a land army or a so-called amphibious army, marine units to be limited in size to the equivalent of the regiment, and the total size of the Marine Corps therefore limited to some 50,000 or 60,000 men."

Report by Army members of Joint Staff planners (proposal):

"Provide landing parties with the fleet to protect United States interests ashore in foreign countries in operations short of war, and in time of war to conduct raids and small-scale amphibious demonstrations.

"Perform necessary functions aboard ship, at naval installations, and in the ship-to-shore phase of amphibious operations."

The bill as finally enacted sought to give the needed protection to the Marine Corps, but subsequent events have disclosed that apparently there is still a determination in the minds of some of our military men to minimize, if not to eliminate, the Marine Corps and its functions.

Moreover, there is in my opinion evidence—to me, conclusive evidence—that a military cabal is determined to subject the civilian population to its demands, that it is determined to rule this country and to subordinate all interests to its own desire to direct, if not to assume control, of our governmental functions.

No doubt, many of those who give support to legislation tending toward that end are unaware of the purpose, ignorant of the ultimate result. No doubt, the overwhelming majority of those supporting the proposed legislation sincerely believe that such legislation is necessary if we are to adequately defend ourselves, prepare against present and future danger.

With all due respect to their opinion, without questioning their motives, it is my sincere conviction that the ultimate result, if their plans and proposals are carried out, will be that constitutional government, national defense under the Constitution, will be at an end; that the burden of taxation and the curtailment of civilian authority will ultimately put an end to constitutional government as we have heretofore known it.

The National Security Act of 1947 was endorsed and sponsored by the administration. It was actively—and I use that word advisedly—supported by the War Department General Staff and the Army Air Force. It was officially supported by the Navy Department, which for a time prohibited free expression of its officers by means of a gag rule that was not lifted until late in the consideration of the proposed bill. The important point is this: The services and the administration demanded passage of the bill. They said that it would give us greater military efficiency and tremendous savings. Each and every War Department, Air Force, and Navy officer who appeared in favor of the bill said that it was necessary and would work successfully. After its passage every uniformed and civilian head of the military services endorsed the bill and hailed its passage.

Today, less than 2 years since enactment of the National Security Act of

1947, the administration, the Department of the Army, and the Department of the Air Force want a new National Security Act. Why do they now insist on a new law to replace that which they so unanimously supported? It is my firm opinion that there is not a more important question confronting those who believe in preserving our form of government and democratic institutions.

It was my privilege to be chairman of the Committee on Expenditures in the Executive Departments that considered the National Security Act of 1947. In the course of the 1947 hearings I became curious as to the objectives of the General Staff sponsors of the Security Act. Events since then have confirmed my apprehensions.

There is before the House a bill, S. 1843, approved by the Senate Armed Services Committee, that in effect rewrites the National Security Act of 1947.

This administration bill did not go this time to the Expenditures Committee, but rather, to the Armed Services Committee. Let me assure you that I have faith in the judgment of the committee chairman, our esteemed colleague from Georgia [Mr. VINSON] as well as the other members of the committee. I feel confident that they will recognize the issue and the motives in the bill to be considered by them. My sole purpose in speaking on the subject at this time is to invite attention of Members of the House to the background of the bill as well as to the dangers inherent in the proposed legislation, so that we may be better aware of the implications of the legislation when the pressure is put on, as it inevitably will be, to pass, without question, this bill exactly as forwarded to us for rubber-stamp approval.

In the first place, the current proposal to amend the Security Act of 1947 cannot be considered as a separate and distinct piece of legislation. It is inseparably intertwined with previous legislation designed to achieve the objectives of the War Department General Staff.

World War II was scarcely over before Congress was confronted with the so-called "Collins plan" for unifying the armed forces. Named after its General Staff sponsor, Lieutenant General Collins, the bill would have provided for the emasculation of the Joint Chiefs of Staff, complete merging of the armed services into one department, creation of a Prussian-type supreme General Staff in this country. In addition, passage of the bill would have meant the destruction of the Marine Corps and naval aviation. Fortunately, the sponsors of the Collins bill were so sure of themselves that they were brazen in their methods. The issues and the motives were clearly discernible. Because the dangers were apparent, the bill never got out of committee.

With rejection of the Collins bill, its sponsors learned part of their lesson. Unable to gain their objectives openly, they resorted to camouflage. If they could not get everything in one legislative gulp, they would take it in a series of nibbles. The course of subsequent so-called unification legislation illustrates the methods used to gain the objectives of the Collins bill.

This new subtle approach did not change the objective of the War Department General Staff. The principal goal of those who seek domination of the Military Establishment, and equally important areas of our economic and social life, is the establishment of a supreme general staff, headed by a single chief of staff. This is the device by which militarists controlled Prussia and later Germany. It is the invariable lesson of history that creation of a supreme general staff results in eventual destruction of democratic institutions.

During the early part of 1946 the President directed the Secretaries of the Army and Navy to confer and determine the areas of agreement and disagreement with respect to unification. On May 31, 1946, the two Secretaries forwarded to the President a joint letter in which they set forth the points on which they could and could not concur. In that report it was stated that the War Department believed in the single chief of staff. However, the report continued that since the Navy felt that the joint chief of staff should be the highest source of military advice, "The War Department is willing to omit the feature of the single chief of staff."

On June 15, 1946, the President, replying to the Secretaries of War and Navy, confirmed that there would be no single chief of staff. The War Department General Staff may have omitted the single chief of staff, but they did not abandon their efforts to establish such a supreme military official. They knew full well that militarists in the past have achieved more by indirect than by direct action.

In January 1947 the President sent duplicate unification bills to the House and to the Senate. In April the House Expenditures Committee began hearings. To some of us on that committee it was soon apparent that there were many hidden items in that bill. A seemingly innocuous portion of the bill provided for the creation of a joint staff, headed by a director, to function under the joint chiefs of staff. A number of reputable witnesses, including one of the Nation's most distinguished war leaders, Brigadier General Edson, of the Marines, warned that this joint staff with its director was the beginning of a national general staff in this country, something that Congress had traditionally been opposed to. It was also stated that this joint staff would rapidly expand beyond the limit of 100 set by the bill. Officials in favor of the bill denied both assertions. But what has happened?

In less than the 2 years in which the law has been in effect the Director of the Joint Staff has achieved a position of power which is of doubtful authority under the provisions of the Security Act. It is well known in military circles that the present Director is functioning almost as much as an agency of the Secretary of Defense as he is of the Joint Chiefs of Staff, as was intended under the bill. We are moving more and more in the direction of a de facto single Chief of Staff. The Joint Staff, limited to 100 in the 1947 legislation will be more than doubled under the proposed legislation. The original Senate bill would have re-

moved all limits on its size. There have recently been consummated a number of mergers of elements of the three services. These merged elements are supervised by the Joint Chiefs and their agents, the Joint Staff.

We have, therefore, under present law, the working basis of a Prussian-type general staff in the United States. Given time, there is reason for suspecting that such could eventually result from the system growing out of the National Security Act of 1947.

But those who seek power are not always patient. The proposed amendments to the National Security Act exploit the gains made by the Joint Staff in the direction of a supreme staff, and accelerate its development by providing for a real national chief of staff. Combining the present Joint Staff with the euphemistically termed "Chairman of the Joint Chiefs of Staff" as provided in the proposed legislation, establishes a supreme general staff in the classic Prussian mold.

The true program for creation of a single Chief of Staff is reflected in General Eisenhower's testimony. He said in the 1947 hearings that he believed in a single Chief of Staff but that he had come to the conclusion that such a system "would be wrong for the moment." In other words, the policy was to get everything that could be obtained in 1947. Get the foot inside the door with some kind of legislation that could be amended later.

Congress passed the National Security Act in 1947 in good faith, never suspecting that its service sponsors looked upon the law as a mere stepping stone to goals that we would not at that time give the military, never suspecting that the law which we labored to improve would be condemned by those who originally spawned it, as soon as the right moment came to demand, under the guise of amendment, a totally different law.

I have no monopoly on the belief that the proposed amendments would establish a supreme general staff in this country. This is the opinion of battle proven officers and students of military institutions. To those Members of the House who want further evidence of the real contents of the proposed legislation, I respectfully invite your attention to the testimony given before the Senate Armed Services Committee, and before the House committee as well, by Mr. Ferdinand Eberstadt, who headed the Hoover Commission task force assigned to investigate the armed forces. Mr. Eberstadt bitterly condemned, among other parts of the bill, the portion pertaining to the Chairman of the Joint Chiefs of Staff. He stated very pointedly that, under the bill as introduced, the so-called Chairman was like a chief of staff in all but name. Of considerable significance, Mr. Hoover roundly condemned the same points, stating that it was unworkable and dangerous.

This, incidentally, should point up another pertinent fact in connection with this proposed bill; it is not in conformity with the recommendation of the Eberstadt task force nor of the Hoover Commission as a whole. Of even more



significance is the fact that no less an authority than Mr. Eberstadt states, with reference to a basic provision of the proposed legislation, that he "is at a loss to know its origin or its purpose." This is the provision that the three services be merged into one department.

If anyone is under the illusion that this bill is based upon the recommendations and conclusions of the Eberstadt task force—assigned to investigate the armed services—of the Hoover Commission, I invite them to read the Eberstadt report, and to read Mr. Eberstadt's testimony before the Senate and House committees. This bill to permit a Prussian-type supreme staff and a vast military bureaucracy does not find its justification in the Eberstadt committee of the Hoover Commission.

Nowhere is to be found any recommendation that the three services be merged into one executive department. Ostensibly this is to clarify the powers of the Secretary of Defense. But the declaration of policy that the three services are not to be merged remains in the law. What kind of clarification is this? All that it makes clear is that, by indirection and stratagem, what is forbidden by policy is to be permitted in detail. This is not clarification. This is camouflage.

Who, I ask, outlined this blueprint for militarism? That is just one of the questions that I am sure that our House Armed Services Committee will try to answer when it considers the administration bill.

Mr. Eberstadt, and Mr. Hoover as well, it should be noted, strongly opposed the provisions of the bill that would virtually destroy the Joint Chiefs of Staff. Mr. Eberstadt, after his long investigation of the armed services states:

Our Joint Chiefs of Staff in the last war may not have been perfect—the system had some deficiencies—but it was just about as perfect as any institution in human affairs is likely to be.

The key to final achievement of a Prussian-type supreme staff is the single Chief of Staff. Call him what you will—Chief of Staff or Chairman of the Joint Chiefs—his function is the same. The Senate bill creates such an official. At the same time as it establishes the Prussian militarists' device, the Senate bill destroys the inherently American and war-proven Joint Chiefs of Staff by relegating that agency to a secondary level in the pyramid of militaristic bureaucracy created by the proposed act.

The creation of a supreme Chief of Staff and the destruction of the Joint Chiefs is accomplished by a simple but effective means: The "Joint Chiefs are no longer to be the principal military advisers" to the President—and Secretary of Defense. Instead, the new Chairman of the Joint Chiefs is to be the "principal adviser." It was through his position as principal adviser to the Emperor that the chief of the German Army's great general staff was able to dominate all German armed forces.

This is the system responsible for disastrous German strategic errors. This is the system the proposed bill has copied from defeated enemies. This is the sys-

tem that the proposed bill will impose on our Nation.

The ability of such a system to circumvent any restraint is well known to military historians. But at the least if the words are to be placed in the law, we should provide some protection, some provision to keep free from the evils of a supreme staff. The chairman, if there must be one, must clearly be made a procedural chairman only. And even more important, the Joint Chiefs and the Joint Staff must be clearly forbidden to engage in operations or administration. The duties of the Joint Staff must be solely those of planning and advice.

I am unable to understand how the majority leadership of both the House and the Senate can so casually view the attempt to destroy the Joint Chiefs of Staff, particularly in view of the fact that that agency was created by the late President Roosevelt for the purpose of giving our Nation the most efficient and appropriate device for top-level direction of our armed forces. What a trick of fate it would be for his own party to junk that which Roosevelt created to direct the battle against our enemies, and then substitute in its place a Prussian-type supreme general staff, carefully copied from the model of our enemies who sought our destruction. How can we expect to remain great when we insist on copying our enemies who lost? Enemies whose organization carried the seeds of their own destruction.

Another major objective of the 1946 Collins plan for unification was the destruction of the United States Marine Corps. The means for accomplishing this objective was also provided for in the administration draft of the National Security Act of 1947. You may recall that this House, following its traditional policy of protecting the Marine Corps from those who seek to destroy it, insisted on including protection for Marine Corps by assigning definite basic functions to the Marines, as well as other services, in the Security Act. The War Department General Staff has long sought to destroy the Marines as a fighting force. The standards of military proficiency and economy set by the Marines have long been a source of embarrassment to the Army General Staff. The enemies of the Marine Corps did not let the provisions of the Security Act distract them from their objective. Just as the currently proposed legislation would establish the national General Staff sought in the original Collins bill, so would it provide the means by which the Marine Corps would be destroyed.

The proposed administration bill permits the Secretary of Defense to transfer all but "combatant functions" assigned in the 1947 Security Act. This means that in spite of the determination of this House to protect the Marines in the Security Act of 1947, the leathernecks could, by mere administrative directive, be shorn of their amphibious development and training functions. It is even doubtful if they could retain their fleet marine forces as specified in the law, as the Secretary of Defense could contend that the provisions of law relating to organization of units were not technically

a "combatant function." When we realize that the present chairman of the Joint Chiefs of Staff, General Eisenhower, is on record as urging that the Marines be reduced to small and lightly armed units and that they no longer be permitted to be a force of combined arms—meaning no tanks, close supporting air units, and probably no artillery—we can well imagine how long the Marine Corps would last if this House should pass the proposed bill in its present form. When we recall that it was but a few weeks ago that, were it not for present law and the efforts of the chairman of the House Armed Services Committee, Secretary of Defense Johnson, according to reliable sources, would have commenced the dismemberment of the Marines by taking away their vitally needed close support aircraft, we can again realize the importance of retaining the present statutory protection of the Marine Corps. Nor does the Senate amendment against unit transfer between services provide adequate protection for the Marines. While closing one door against direct attack, the bill is loaded with indirect means by which the Marine Corps can be destroyed by administrative process. Officers of the Marine Corps who have not knuckled under the gag rule that still exists are frank to say that the bill greatly strengthens the hands of those who have long sought to destroy the Corps.

Let us be honest with ourselves. Passage of the proposed bill in the Senate form may be the death knell of the Marine Corps.

Those who are pressing for quick rubber-stamp passage of the new unification law promise savings of hundreds of millions—even billions—if we pass this law. That was the promise of everyone who appeared before the House Expenditures Committee in favor of the National Security Act of 1947.

I am as interested as anyone in cutting Government costs. Yet I will never consent to establishment of a Prussian-type supreme general staff, destruction of the Marines and naval aviation, as well as further creation of a super-Secretary of Defense, with virtually unlimited power at the head of a burgeoning military bureaucracy—in return for the mere promise of economy.

To those who advocate the proposed bill, let us tell them to itemize those economy measures that cannot be taken without the extreme powers in this bill. Let them tell us exactly what they intend to do to effect economies. That is the businesslike way to do it. No businessman would buy a "pig in the poke" reorganization of his business. He would say, "Lay out your proposal. Let me see where and how you will save money."

We tried to determine similar facts during consideration of the 1947 unification law. All we ever got were generalities. But then we accepted those generalities and the committee, with protective amendments for the Marine Corps and naval air, reported out the bill and the House passed it.

Now the administration and the Pentagon want a new bill, with more power. The same old sweet song is being sung

about promised economies. Let us tell them to turn the record off and give us the facts—if any.

The establishment of a supreme general staff, the destruction of the Marine Corps and naval aviation, and extended military control of national manpower and industry have long been goals of a powerful faction of our War Department General Staff. Congress refused to give these things to our military when we rejected the original Collins plan. Paradoxically, we are now in the midst of being pressured into giving the general staff those same powers on an installment plan basis.

The Congress thought it was passing a good bill in the National Security Act of 1947. It thought that the military was dealing with us in good faith, that they meant what they said when they told us that it would be a good law and that they would make it work.

Instead, we find that we were booby-trapped. We merely, in their eyes, gave them the legal foundation from which they could build, by amendment, their structure of military power. We found out that, when they said they were not pressing their objectives "for the moment," that was exactly what they meant. They are doing it now.

All these things involving a supreme general staff, destruction of the Marine Corps, as well as naval power, and the expansion of military control over social and economic affairs, are but the outward manifestations of adherence to Prussian philosophies by those who seek these objectives.

It is high time that Congress let it be known that we will not be meek wielders of a rubber stamp for the military. It is time that we tell those who worship at the altar of Prussianism that they must reacquire themselves with the virtues and inherent goodness and strength of those things which are American and in harmony with our constitutional way of life.

We who have triumphed over Prussianism do not have to rely on its evils and weaknesses. Let us adhere to the constitutional way, which has given us prosperity, happiness, and security.

#### RURAL TELEPHONE SERVICE

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes. The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 2960, with Mr. PRICE in the chair.

The Clerk read the title of the bill. By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from South Carolina [Mr. COOLEY] is recognized for 1 hour, and the gentleman from Kansas [Mr. HOPE] for 1 hour.

Mr. COOLEY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I shall be very brief. I am going to rely upon the author of the bill, the gentleman from Texas [Mr. POAGE], to discuss the details of the pending measure. I do, however, want to say that this bill was reported by the House Committee on Agriculture by a very substantial majority; in fact, I do not recall that there was any opposition to the bill. I think everyone appreciates the necessity for this legislation. The evidence before our committee clearly indicates that there is a desperate need for rural telephones; the evidence further clearly indicates that private operating companies prefer to extend their facilities in highly populated areas and that they are not making too much progress in the rural sections of the Nation. I wish to say in that connection, however, that I believe the telephone company operating in my area, the Carolina Telephone & Telegraph Co., has made perhaps the best record in developing rural telephones of any company in America, and that company has rendered excellent service. It is easy for us to understand and to appreciate the importance of rural telephone service when, as has been pointed out by a former speaker, we have a desperate shortage of rural doctors and we have not yet developed rural roads to the extent that they should be developed in this country. A rural telephone is a great comfort and satisfaction to rural people; it is almost a necessity. If you could visualize some person living perhaps 15 to 20 miles away from a doctor's office or from a law enforcement officer, being faced with an emergency and perhaps not even having adequate transportation to go to a doctor's office or a sheriff's office in event of emergency, you could then appreciate just how helpful it would be for him to have the use of a telephone. If you could look at the record which we have here showing the situation in the rural areas, I think you would be impressed with the fact that very slow progress has been made in extending rural lines. As was pointed out a moment ago, even in the State of Pennsylvania in 1929, 43.5 percent of the rural homes had telephones. That percentage dwindled until in 1940 it was only 32.2 percent. They made some progress between 1940 and 1945 and now it is 40.4 percent; but in the State of North Carolina where I say great progress has been made in my section, the fact remains that in 1945 we had a total of only 14,539 telephones, or 5 percent of telephones in rural homes. Most of us know that unless we encourage the building of these rural lines they will not be built.

Some complaint has been made about the rate of interest at which these loans may be made and some reference has also been made to the rate of interest now paid by private companies. The fact is that private operating companies are eligible for loans under this bill and they are eligible for loans at exactly the same interest rate that is given to the cooperatives.

Mr. ALLEN of Illinois. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. Does the gentleman think the Government should

lend money to anyone from now on out at an interest rate below the cost of borrowing?

Mr. COOLEY. No; but I think the gentleman's suggestion of 3 percent is perhaps too high.

Mr. ALLEN of Illinois. I said 3½ percent. The Government is paying 3¼ percent.

Mr. COOLEY. Two and one-half percent would be perhaps nearer right than three and one-half percent. We have to offer some inducement to the private companies or these lines will not be built. They will have to feel the pressure of the Federal Government and we will have to make them realize that unless they do build these lines the Government intends to build them.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. PATMAN. The going rate of interest, the average rate, paid by the Government is less than 2¼ percent.

Mr. COOLEY. I think the gentleman is right, and, in my opinion, 2½ percent would be as high as we should make the interest rate.

Mr. PATMAN. The average rate paid by the Government on the national debt of \$252,000,000,000 is less than 2¼ percent.

Mr. ALLEN of Illinois. What is the interest rate we are paying on the bonds that are being sold now?

Mr. PATMAN. That is only a small part of the debt.

Mr. ALLEN of Illinois. Right now the Government is attempting to sell bonds at 3½ percent.

Mr. PATMAN. The average interest rate is less than 2¼ percent. The Government can borrow plenty of money at that rate.

Mr. ALLEN of Illinois. What the Government is paying now has nothing to do with it.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. The average interest rate paid by the United States Government for the last fiscal year was 2.182 percent. As the gentleman says, that is less than 2¼ percent.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Missouri.

Mr. SHORT. If the existing lines are extended and additional feeder lines are built, and we have more telephones throughout the country, is it not reasonable to suppose that the earnings of the main lines should really be increased?

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself three additional minutes.

Mr. Chairman, replying to the gentleman from Missouri, I think he is correct. The more rural telephones you have the more long distance calls you will have and more revenue will come into the hands of the private companies.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?



Mr. COOLEY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Mr. Chairman, the gentleman from Texas has pointed out that the interest rate during the last year was 2.182. We must remember, and we must bear in mind, that the Treasury is continually advancing the interest rate. There is no doubt about that. Anyone can ascertain that fact by going to the telephone and calling up. The short-term private rates are going up constantly. Your long-term rates are going up constantly. Furthermore, it is well known that the overwhelming percentage of the present \$252,000,000,000 debt, and I am talking about marketable securities, was financed on short-term paper which continually presents to the Treasury a roll-over problem. That creates a situation where we are more or less raking the financial markets in order to meet the needs of the Treasury. As you move into the deficit financing period, look what we are up against. How can any Member stand on this floor and justify a rate of interest below the cost of interest to the Federal Treasury? That is the only question I am interested in here. I want the people who borrow the money from the Federal Government to pay at least the cost to the Federal Government, and I think when they do that, you are getting along on fairly reasonable grounds, and I think the gentleman from Illinois was arguing that proposition.

Mr. COOLEY. If it is  $2\frac{1}{4}$  percent, would the gentleman be willing for that provision to be inserted in the bill rather than  $3\frac{1}{2}$  percent?

Mr. CRAWFORD. Well, I did not know that  $3\frac{1}{2}$  percent was in the bill. I thought it was 2 percent.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I yield myself five additional minutes.

Mr. CRAWFORD. Mr. Chairman, if the gentleman will yield, what is the rate in the bill now, 2 percent?

Mr. COOLEY. It will be 2 percent, but the gentleman from Illinois suggested  $3\frac{1}{2}$  percent, and I suggested that it certainly ought not to be more than  $2\frac{1}{4}$  or  $2\frac{1}{2}$  percent.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. PATMAN. Under the so-called easy financing by the Federal Reserve, the interest rates are going down and not up, and I think if you put  $2\frac{1}{4}$  percent in here it will certainly cover the cost to the Government.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. The Department of Public Debt does not pay even  $2\frac{1}{4}$  percent. The Department of Public Debt only paid last year 1.781 percent and that, of course, is the fund from which this will be financed, and that is considerably less than  $2\frac{1}{4}$  percent.

Mr. COOLEY. It is a fact that the rural electrification loans are made at 2 percent.

Mr. POAGE. That is right.

Mr. COOLEY. Is there any reason why we should not make the rural telephone rates at the same rate as the rural electrification rate?

Mr. POAGE. It seems to me that it is eminently fair to put out the same yardstick.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Indiana.

Mr. HARVEY. I would like to make this observation out of my own personal experience, which is that the interest rate at any reasonable figure is not so much a point of controversy as is the length of time for which you can get the money. We could not afford to borrow \$20,000 for our little company, because the best we could get would be a 5-year note, and that obviously might throw us into a very inconvenient time to renew it. So it is the length of time for which you can get a loan and not the rate of interest, and I think that is of primary concern to these small companies that will be wanting to borrow money.

Mr. COOLEY. I thank the gentleman. I would like to call attention to this one provision in the bill in which we give to the private companies the exclusive right for the first 6 months to obtain these loans and to build these lines, and no farmer-owned or controlled cooperative not now engaged in the business will even be eligible to file an application for the first 6 months. Now, if we give the companies 6 months to indicate their willingness to build these lines and to indicate that willingness by making an application, we are giving them an exclusive right to operate in this field of rural telephone building. That is clearly written into the bill. Actually one member of our committee in reading and considering that provision said, "Why, this is a bill to aid the private telephone companies now engaged in business," and that is practically what it is intended to do. It is intended that we, by this provision, encourage existing telephone companies to build these lines and to operate them under the free-enterprise system separate and apart from any control by the Government.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Georgia.

Mr. PACE. The truth of the matter is that what the committee wants is telephones for the farm people. It would prefer that they be constructed by private industry, but if private industry is unable or unwilling to do so, then the bill provides other means of accomplishing that end.

Mr. COOLEY. I think the gentleman is exactly right.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, there is no place for prejudice in national legislation. Yet this rural telephone bill, H. R. 2960, comes before the House with many deep prejudices. Because the

Dixiecrats want this bill, there are those who, disliking the independence of these southerners, have remarked that they would oppose the bill. I do not intend to mix up in this Dixie-Democrat fight, but I hope to be able to see straight and vote straight. Maybe the Dixiecrats should be punished—I do not pretend to know—but if regular Democrats intend to use their votes to get even with them on this bill, it is a grave mistake.

We have no right to punish the people in order to get even with their representatives. I certainly find very little fault with independence. I have myself, in a small degree, exercised that privilege in this House. I do not see eye to eye with my Republican brethren on many questions and I have been accused of being a black sheep in the herd, but if that charge is true it is only because I do not agree with the principle involved. It is not that I do not hold all Republican Members in the highest esteem. I know that they represent the interests of the people who sent them here, just as I represent the voters of my State who sent me. I have never questioned any Member about his vote because I take it for granted that a Member knows his own people best.

On this telephone bill these black sheep of the Democratic Party have a perfect right to their independence for so long as they reflect the wishes of their supporters.

The principle involved and not any "black sheep issue" should be the consideration on this measure.

I am for this bill regardless of who may be against it. The great majority of the Republicans may be against it, but that does not mean they are right. All this bill does is to provide funds so that existing rural lines may be modernized and new ones built, to the end that rural telephones shall be available to the people in the rural areas. The Government does not go into the telephone business. The Government merely extends credit over a period of years at low interest charges, but whatever is built is, and will be owned by the local people themselves.

No presently existing telephone organization will be put out of business as some suggest. Every local organization has a preference for 6 months to avail itself of the same benefits that are given to a new local line. Many of them are run down and about to disintegrate, and this credit will enable them to rebuild and extend their lines. Where there have been no lines before, this bill will make it possible for farmers to organize and build new lines. Large operators like the Bell System cannot complain, because in practically all cases this company would ignore outlying farmer's lines and leave the communities without phones. At present there are probably not more than 40 percent of rural people who have working phones, so there is a large field to be covered. Rural electrification lines are going in and since these same poles can be used for telephone wires the rural telephone lines are better than half built at the start.

If this bill would put out of business a single rural line, I would not be for it. But this bill does nothing of the kind.

It will strengthen every local line in the United States, because those lines can be modernized and extended by the aid of long-time money loans and low-interest rates.

The telephone in outlying areas of rural America is more of a necessity than a phone in the cities as far as health, market news, and machine repairs are concerned. Sickness in a family 20 miles from a phone is a serious matter. A broken cogwheel on a combine 50 miles from town is a handicap that no farmer should be called upon to overcome. Reports of market conditions should also be immediately available to farmers. They do have some radios but any 15-minute period missed on the radio means no news, while a telephone call to the local markets at any time will bring the desired information.

This bill will be branded as another communistic scheme—it will be called more regimentation of the farmers, but in truth and in fact neither is contained in the bill. Some will object to the measure because it will cost too much. Remember, however, we are not giving the farmers anything—we will get the money back. If this were a bill to cover Europe with local telephone lines and cost several billion, it would go through with a whoop, because we seem to take better care of the people in other countries than we do our own. Remember, also, that money to Europe is a gift—a total loss. When I hear this great economy howl and know it comes from those who sit here and vote for every foreign appropriation that so frequently finds its way into this House, I cannot understand the logic. In this bill we are helping the people of the United States, and especially those isolated farm families to make their own homes places where the family can live and be the equal of any other family in America; we are making it more difficult for communism to germinate in this country.

Actually then, this bill, instead of being a proposal to further communism, is designed to prevent this "ism" from taking root in this country.

Instead of giving away billions to Europe and other foreign areas, let us loan a few billion, if necessary, to maintain one country in the world where democracy is safe.

This is a fight between a giant monopoly on one side and two-thirds of the rural people of the United States on the other. Because of an exclusive franchise granted the Bell Telephone System years ago, this company—by 1893 when the franchise expired—had gathered in the principal lucrative telephone business of the country and today operates 82 percent of all telephones. Rates are high and in some sections it costs more to have a telephone than it does for electricity for light, heat, and labor-saving appliances in homes.

In 1876 when the Bell System was granted a monopoly on the business, there were 2,593 stations but by the time this monopoly expired in 1893 this number had grown to 266,431.

A report by the Federal Communications Commission says:

The Bell Telephone System developed historically into its present position of domi-

nance in the communication field; first, through the protection of the patent laws which made it an exclusive monopoly to 1893; second, by expansion of properties in the territories preempted during the period of exclusive monopoly; and third, by the process of acquisition of independent properties and companies. Although there are a large number of independent companies in operation at the present time, they control but a small segment of the telephone business in the country.

Thus the 26 associated Bell companies own and operate 82 percent of the Nation's telephones, while 6,200 independent companies and 50,000 to 60,000 mutual systems and lines own the remaining 18 percent or about 6,800,000.

Following the release of Bell patents in 1893, numerous enterprising individuals and groups organized small companies to serve larger towns and some smaller towns, with occasional lines into rural areas. However, no attention was given to providing rural service except to the more populous suburban areas. Thus, it became necessary for farmers and other rural people to organize cooperative and mutual systems in order to obtain telephone service. This was true generally, even in many of the most wealthy farm areas throughout the Eastern and Midwestern States. Today, thousands of small systems and lines, some of which serve only a few stations, are maintained by groups of farmers and other rural people on a mutual basis without any substantial organization and with a minimum of financial resources. Most or all of these mutual systems and lines are interconnected with the Bell System, with varying switching charges and arrangements concerning toll revenue.

In addition to the 82 percent of the industry that is controlled directly by the associated Bell companies, a substantial number of the larger independent companies are controlled by Bell through stock ownership and otherwise.

The farm telephone situation in North Dakota today is a disgrace to the industrial inventiveness and modern-day achievements of this country. Despite the tremendous need farmers of the State have for telephone service, barely a third of the farms have telephones of any kind. Even more distressing, however, is the poor and unreliable service those farmers who do have phones, must put up with.

There are a few sections, of course, where farmers are able to enjoy telephone service comparable to that found in town. But this is the exception rather than the rule.

The problem is not that the farmers of North Dakota and other States do not want or do not need telephones. As a matter of fact, what progress has been made in my State is directly the result of the work by farmers themselves. More than 30 years ago they began to work for telephones and ended up having to build their own lines through their own mutual systems. But while they made a start, these rural systems for the most part have not been able to keep up with progress in the telephone industry. They simply did not have, and do not have, the capital with which to modernize.

Up to now there has been no solution to the problem. For example, I know of farmers who have tried to give their mutual systems free to the larger telephone company serving the nearby towns. These offers were met with rebuffs—which demonstrates full well that, despite what they say, the big telephone

companies are not extending service to the farmers of North Dakota.

The situation in North Dakota shows the need for a telephone program, and it is the same throughout America. Low-cost financing of the kind provided in this bill is the solution for helping the farmer's mutuals and independents do a real job of extending and improving telephone service to their patrons.

When any measure comes up in this Congress or in a State legislature that is designed to help the great majority of the people of the country the stock argument is that the measure means more regimentation of the people, that it interferes with our way of life. I have heard that argument many times in this Congress and in the preceding Congresses of which I have been a Member. It was heard during most of Jefferson's administration; it was heard during Lincoln's administration when he issued greenback currency; it was heard during Theodore Roosevelt's administration, during Wilson's administration; it was heard with a vengeance in Franklin D. Roosevelt's administration, and it is still heard.

There was a time when common wagon roads were privately owned, and to use them the people had to pay a toll. When the first public road in America was built with Federal funds the debates show that a great howl went up that the scheme was socialistic and an interference with our way of life. But Jefferson put the measure up to Congress, and it passed, and that marked the end of privately owned wagon roads. Today we would be highly incensed if we had to pay a toll to travel on the highways. The Cumberland Road was this first public highway and stretched from Cumberland, Md., into Ohio to open up western areas to settlers—our first venture in federalized highways.

When Jefferson made the Louisiana Purchase more howls went up, but when that great empire was carved into free lands for the people and the prairies and valleys were settled and prosperous villages and cities appeared where there was barrenness before, that socialistic howl subsided.

So it has been with every movement in the United States which attempted to serve the people. The Tennessee Valley Authority was another enterprise that even to this day is branded a socialistic scheme and one that interferes with our way of life. When, however, the yardstick of electricity charges reduced the power bill of the people by \$2,000,000,000, there were very few of the voters in America who wanted to dispense with this service. The private power companies still say and print that this is an interference with the American way of life and they would wreck the whole project at once if they could.

When private industry could not furnish jobs for the people in 1934 and 1935, the Government created work and the people ate again. That was socialistic in the highest sense of the word and some people have not yet gotten over talking about this great socialistic "scheme." The people, however, came through and better days were ahead.



And now today, when farmers cannot get phones to distant sections at all and when they have to pay exorbitant rates for the service furnished by the telephone monopoly, more wails go up that we are interfering with private business and destroying the American way of life. That isn't the way of the American people, it is the way of life of the great monopolists who see their profits dwindling.

I have always and do now take my stand with the people and for the general public good.

Mr. POAGE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill before us today was reported out of the Committee on Agriculture on March 9, 1949. It was reported after rather extensive hearings by a subcommittee which went into considerable detail. The hearings have been available for your inspection for more than 4 months.

After the subcommittee had finished, it was considered for approximately 1 week by the full committee, and it was reported by a unanimous vote of all the members of the full committee. I understand certain Members may offer amendments, but I want the membership of this Committee to know that the committee which studied this matter and heard the testimony was unanimous in feeling that we should pass this bill.

For approximately 4 months you have had it available for consideration and discussion. There should be a general understanding of this bill, and I think there is a general understanding of the purposes of the bill. I do not believe it is necessary for me to call attention to the need for the bill. It has already been pointed out that the percentage of rural homes in America now enjoying telephone service is smaller than it was 30 years ago. It has already been shown that since 1935, when the Rural Electrification Administration was first organized, there has been an increase of more than 750 percent in rural homes that enjoy electrification. During the same period of time the percentage of rural homes that enjoy telephone service has barely doubled.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield at that point?

Mr. POAGE. I must yield to the gentleman, but after I have yielded to him I would like to complete my statement before I yield further.

Mr. O'HARA of Minnesota. I appreciate the gentleman's courtesy very much.

I have been informed that there were a million rural telephones put in since 1940. Does the gentleman disagree with that figure?

Mr. POAGE. Those figures were given to the subcommittee and to the committee, and I am not going to disagree with them, although there have been other figures given to the committee to show that there were only something like that number of poles put in by the Bell Telephone Co. during the same period of time. That would mean that there could be but one pole to the telephone and if they got very far out into the country they certainly could not have connected

that many people. They had to connect them very close to the city limits if they got one telephone to the pole. I am not going to question these figures. Those are the figures that were given. But the figures with reference to the poleage seem to me just as impressive. The figures I have quoted you are figures of the United States Census Bureau. They are not estimates of any telephone company or the REA. I am giving you the figures of the United States Census when I tell you that in 1920 there were 38.7 percent of the farms with telephones, and in 1945 there were only 31.8 percent of the farms of America with telephones.

I do not think it necessary to discuss the need. I think every one of us knows the need. As a matter of fact, I recall that 45 years ago I lived 30 miles from the nearest railroad and we had a telephone. Today that same house does not have a telephone.

I call your attention to a copy of a letter sent to me day before yesterday. It is not from my own district but it is from Henderson, Tex. It is dated May 23, 1949, and it is signed by W. T. Moore, division manager, the Southwestern States Telephone Co.

The letter reads:

We have your letter of May 21 together with yours of April 9, which was returned from Brownwood. It will be impossible at this time to extend our lines to the Atoy community. Our company has applications for some 8,000 telephones, and most of these are within the city limits of the towns in which we operate; therefore, it will be necessary that we take care of these applications which will be quite a long procedure before we can give consideration to extending our lines into rural areas.

It seems to me that that clearly expresses the attitude of too many of the telephone companies. It shows that the company is interested first in the more lucrative urban business.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman, although I had hoped to be allowed to complete my statement.

Mr. HAYS of Ohio. I was wondering if there is any tinge of socialism in this bill at all?

Mr. POAGE. I do not think there is anything socialistic in allowing the Government of the United States to advance funds to private industry to provide the people of America with needed service. I think that only through following out that policy can we avoid going all the way toward socialism. I think that we avoided it for the great power companies of America by the creation of REA; had we not established REA, I think it is fair to suggest that we probably would be suffering from Government ownership of all sources of power today. I think that if we deny this credit to our people today that we will probably find that the demand for this service will result in complete Government ownership of the telephone system, and I say that advisedly.

Let me call the attention of the Committee members to the fact that the telephone service is the most vulnerable of all of our services from the standpoint of public ownership, because it is the most monopolistic; monopolistic both in na-

ture and in practice. The greatest monopoly in this world, the largest corporation, is the American Telephone & Telegraph Co. They serve 81 percent of the telephones of America today, whereas they serve but 18 percent of the territory. They serve the most profitable business only. Any system, any company which gets into the position of being a monopoly is liable to the threat of public ownership. Only by giving reasonably adequate and cheap service can a program such as the telephone program avoid the threat of public ownership. As one who believes in private ownership, I have submitted this bill, because I believe it is the best insurance that we can offer against public ownership of the telephone system. If we give to the people of the rural areas, of the remote areas where service is not so good, if we give them an adequate service at reasonable prices through private ownership there will be no demand for public ownership. This bill proposes to make that credit available to private concerns.

Mr. HAYS of Ohio. Does not this bill go beyond making credit available?

Mr. POAGE. No; this bill does not go beyond making credit available.

Mr. HAYS of Ohio. It permits cooperatives, does it not?

Mr. POAGE. Certainly it permits cooperatives, in the sense that it does not prohibit or create them. It offers loans to either cooperatives, or to individuals or to private corporations, but it offers credit, nothing more.

Mr. HAYS of Ohio. That is something I want to know.

Mr. POAGE. Mr. Chairman, I must decline to yield further. I hope to explain the provisions of the bill, and I believe I can save the time of the Committee if I decline to yield.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. POAGE. No; Mr. Chairman, I must again decline to yield.

The CHAIRMAN. The gentleman from Texas declines to yield.

Mr. HAYS of Ohio. Mr. Chairman, I make a point of order that a quorum is not present.

Mr. RANKIN. Mr. Chairman, a point of order: A Member has no right to interrupt the speaker to make a point of no quorum.

The CHAIRMAN. A point of no quorum may be made at any time.

Mr. RANKIN. The gentleman from Texas did not yield for that point.

The CHAIRMAN. The point of no quorum is in order at any time.

The gentleman from Ohio makes the point of order that a quorum is not present. The Chair will count. [After counting.] One hundred and eight Members are present, a quorum.

The gentleman from Texas will proceed.

Mr. POAGE. Mr. Chairman, I announce now that until I have answered the questions that have already been asked, it is not my purpose to yield further. The gentleman from Ohio asked if this bill did not go further than providing loans for telephone service. The bill provides only that the Rural Electrification Administration may make

loans to provide rural telephone service on the same terms and conditions that it now makes loans for the extension of electric service. It does not authorize the Government or any agency of the Government to go into the telephone business.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. POAGE. Mr. Chairman, I yield myself two additional minutes.

It does not authorize anybody who is not now authorized to do so to go into the telephone business. It simply sets the REA up as a bank similar to its existence at the present time for electric service. It simply extends for telephone service exactly the same banking service we now have for electric facilities, but it takes special care to see that those now engaged in telephone service are thoroughly protected.

First, it requires the Administrator to make a finding, before he can make a loan, that the loan will probably be paid. I want you to get this because it is not in the provisions for making electrical loans. That finding has to be made and it is appealable to the courts. The Administrator cannot make that finding if there is reasonably good and adequate service in the territory where the new operation proposes to operate, because you know and we all know as a practical matter that you cannot go into a district or into a territory where there is good service and set up a competing telephone service and hope to make it pay out. You have to find some territory where there is practically no service or where the service is very inadequate if you hope to pay it out. That is our first protection to the operator.

This bill specifically provides that for the first 6 months of its operation no one except an existing telephone operator who is now giving rural service may even apply for a loan. Is that socialistic? Is that trying to put the Government in business when you say that nobody but the existing telephone operator may even apply for a loan in the first 6 months? After that period of time we provide that the existing operator has preference. He is given the first preference and this preference is expressed in words just exactly like the telephone people asked when they appeared before the committee.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman.

Mr. YATES. How would such a 6-months' provision bear upon the question of the organization of cooperatives that may want to engage in this type of business during the first 6 months of the act?

Mr. POAGE. It would exclude them for the first 6 months. It would exclude the cooperatives. It would exclude everyone except the operator who is now on the ground giving rural telephone service.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. POAGE. Mr. Chairman, I yield myself two additional minutes.

Mr. Chairman, it gives to the man who is now furnishing service an absolute

and exclusive monopoly for the first 6 months. He can look over his system, survey it, see if it needs improvement, and if it does, apply for a loan at a cheap rate of interest. In that position he is able to meet any and all opposition. Is that socialistic or is that trying to protect private industry that is already there?

Then there is a committee amendment in the bill which provides that in any State where the State law requires the issuance of a certificate of convenience and necessity by a State agency, that such certificate must be issued before the Administrator can consider a loan. Is that socialistic?

Mr. Chairman, we are requiring consideration of all of the factors that the laws of any State in this Union require. We protect you, and you, and you, in all that your State requires. Instead of this bill being branded as socialistic it seems to me that it should be named, "A bill for the protection of small independent telephone operators who desire to extend service to the rural areas."

Frankly, those of us who suggested this bill want to see the telephone service extended. We are not here quibbling about how it is to be extended or who is to extend it. We want to put telephones out there where there are none today. If they are not put out there the Government is going to be called upon to put them out there.

Mr. WAGNER. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Ohio.

Mr. WAGNER. Would the gentleman say that a telephone is more necessary for a man's well-being and his life than a home?

Mr. POAGE. Than a home?

Mr. WAGNER. That is right.

Mr. POAGE. It might be more necessary for his life in certain places, yes. For his well-being, I would think not.

Mr. WAGNER. What is the opinion of the gentleman as to whether or not the housing bill is socialistic?

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA of Minnesota. Mr. Chairman, if I might have the attention of the gentleman from Texas [Mr. POAGE] the author of the bill, I should like to ask him one or two questions with reference to it. The provisions in the bill as to those who are eligible for loans includes, on line 24, public bodies. May I ask the gentleman what was intended by that term?

Mr. POAGE. It is intended to cover the existing electric authorities that have been created in about 14 States, under State law, some of which have the authority under existing State law to engage in telephone service and some of which do not. It is intended to cover those, and I think actually there are about 7 or 8, and frankly, there is considerable dispute in some of the States whether they have that authority or whether they do not. But we know that in some of the States they have the authority under existing State law to en-

gage in telephone service, and we hope to cover them all, everybody who has the authority to engage in telephone service.

Mr. O'HARA of Minnesota. Then the provision would authorize other than private companies and cooperatives to go into the telephone business in those States, particularly where they authorize the municipal bodies to operate them?

Mr. POAGE. That is right. If the gentleman had had an opportunity to hear me when I attempted to explain the matter he would have understood—but I am afraid there was considerable discussion at the time. I tried to point out very clearly that we were making these loans available to anybody who now has the authority under State law to engage in the service.

Mr. O'HARA of Minnesota. Will the gentleman permit me to ask him one other question?

Mr. POAGE. Certainly.

Mr. O'HARA of Minnesota. Because my independent companies have been very concerned as to why the word "acquisition" was put in in two places in the bill. For instance, on page 4 it provides for acquisition. Before the gentleman answers the question, in no place in the REA Act was there any such language as "acquisition," and I wondered why it was necessary.

Mr. POAGE. The reason is that under the REA Act we were dealing with large power companies where it was not necessary to acquire them to keep them from losing all of their assets. Under this bill we are dealing with 53,000 telephone companies—at least they are called companies. They are mainly mutuals or cooperatives, but many are privately owned. We recognize that as progress is made in the telephone business many of them must go out of business, and unless we make provision for making loans to acquire their facilities, they will get absolutely nothing for them. It is to protect some of those 53,000 who now have their investment in telephone lines; about 50,000 of them have nothing in the world except lines. We make it so that they can sell out, if there is an improved system established in the community, so that that system can get the money to acquire the existing facilities without simply making those facilities worthless.

Mr. O'HARA of Minnesota. The gentleman, as I gather from what he has just answered me, says that the word "acquisition" is for the benefit of those companies that are in existence and is not put in there as a promotion scheme, perhaps, for some of the private promoters to come out and organize these telephone companies to run these independents out of business.

Mr. POAGE. I assure the gentleman that is the purpose. I assure the gentleman that nobody on the committee had any intention or purpose that it might be used as a promotion scheme. Of course, we cannot guarantee that there will not be some wolves in sheep's clothing, sometimes.

Mr. O'HARA of Minnesota. Let me assure the gentleman that some of these little independent companies, and believe me they are independent, are worried as to that very feature. They are



very seriously worried. That is why I wanted the distinguished gentleman to give us the reason for and the purpose of the word "acquisition." My independent people are very worried about it.

Mr. POAGE. I can assure the gentleman that is the reason for it.

Mr. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I wish to devote this time to the discussion of interest charges.

All Members have access to the daily statement published by the Treasury Department. The one I have here is as of July 1. It came to my desk this morning. It breaks down the \$250,000,000,000 of interest-bearing debt into the marketable issues, that is, the public issues, the nonmarketable obligations, which are made up mostly of the savings certificates, and the special issues, where the funds of the Canal Zone, the civil service, the Alaska Railroad, the retirement fund, and such as that, are invested, together with the social security.

Listen to these figures. The marketable issues, which include all of the short-term paper, which is very, very heavy these days because the Treasury finances on the basis of short-term paper in order to participate in low-interest rates, amount to \$155,000,000,000. On those you are paying an interest rate of 2.001 percent. That includes all of the marketable low-interest-rate paper, some of it as low as 1.17 percent. There is \$11,000,000,000 of that. You are paying 1.22 percent on \$29,000,000,000 and 2.31 percent on \$110,000,000,000, but the average of the marketable issues, totaling \$155,000,000,000, is 2.001.

In your nonmarketable issues, which include the savings certificates and the investment series, you have a \$62,000,000,000 investment, and the interest rate on that is 2.182; in other words, 0.182 percent more than the 2 percent provided for in this bill. So here you are proposing to lend money below the cost of the interest to the Treasury.

On the special issues, where you have your social-security funds, retirement funds, and civil-service funds invested, you are paying an interest rate of 2.596. You are moving up pretty close to the 2½-percent interest rate.

The average rate on the \$250,000,000,000 of interest-bearing debt, which includes the marketable issues, the social-security investment trust funds, and the savings certificates, is 2.236 percent, or nearly 2¼ percent.

Referring to another section of this same statement, we find that the REA at the present time owes the Treasury \$1,015,000,000. Those are the sums advanced by the Treasury to the REA. The RFC, for instance, has had advanced to it by the Treasury \$1,856,000,000. If those two agencies want money, they simply go to the Treasury for it instead of putting their issues out on the open market. With respect to the so-called free-and-easy-money-market policy established by the open-market committee of the Federal Reserve System, only a few days ago, that is any man's guess. For instance, one of the members of the

open-market committee made the observation the other day to the effect that the statement made by the open-market committee which was unanimous on the part of the members of that committee, can be interpreted by any member of the open-market committee to mean what any member of that committee thinks it should mean under any possible conditions that may develop in the future.

That is some of the financial market rigging which I referred to the other day. During the past several weeks our Treasury Department and the Federal Reserve Banking System have taken step after step toward rigging the financial markets of this country. In making that statement I do not criticize either the Treasury or the open-market committee or the Board of Governors of the Federal Reserve System. I simply point out and wish to emphasize that your financial markets all over the world, particularly in those countries tied in to the Atlantic Pact are now so disturbed and there are such enormous government debts to be dealt with and so much deficit financing that the so-called banking systems of the world spend a great deal of time rigging the financial markets.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HILL. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. MASON. I would like to have the gentleman's opinion on what the effect will be on the market for United States securities and the effect on interest rates if we go into deficit financing, as it seems we will.

Mr. CRAWFORD. The Treasury Department has already planned to issue the first \$200,000,000 worth of new deficit financing paper. About this we shall know more when Secretary Snyder returns from London. We are already moving into the new period of deficit financing. It is here. There are no ifs, ands, or buts about it. The consequences of all this are that the long-term bonds are advancing and the interest rate is declining.

As the market on the bonds advances, the interest rate automatically declines. Holding institutions of these marketable issues, if they go out today to buy these long-term bonds, pay an up and up and up price. So, having bought those bonds at an increased price, the interest return on the investment is naturally declining. That is what the gentleman from Texas [Mr. PATMAN] meant when he spoke about the interest rates going down. This is a rigged market designed to head off the depression which many people say is coming. The Treasury and the Federal Reserve Board and the open market committee does that specifically. That is a rigging of financial markets, but at any moment a boom might begin to take place and the open market committee can change its course, as I pointed out a moment ago, and interest rates can very suddenly go up. They can go up at any time within 30 or 60 or 90 days when the Treasury Department puts out

a new issue of short-term paper. We should have this debt of ours financed with long-term paper, so that the market would not be continually disturbed. So, certainly, we should have in this bill an interest rate which covers the cost to the Treasury.

Mr. POAGE. Mr. Chairman, I yield 7 minutes to the gentleman from Nebraska [Mr. O'SULLIVAN].

Mr. O'SULLIVAN. Mr. Chairman, I took a somewhat active interest in this matter when this bill was before the subcommittee on Agriculture of which the gentleman from Texas [Mr. POAGE] is chairman. It was my thought after reading the bill and giving it some consideration that it was a perfectly good and proper bill and I am of that same opinion still. I surely hope that no sectionalism will be involved in the vote here today on this splendid bill. This is a bill which should be passed. It is a bill which will not hurt anyone except possibly some bankers and suppliers of telephone materials and equipment. In support of these contentions I state that this situation developed in the hearings. I asked a great many questions during the taking of testimony. I could not understand why any telephone company, any existing, decent company, whether privately owned or cooperative, could object to or be against this bill. We all know that there should be more rural telephones. We all know that if these companies are required to put in rural lines to supply the people with telephone service in rural and neglected areas, that it will be a losing proposition for some years. So, to make it attractive, and so that those companies would not lose too much money at first, we seek to institute this program of a long-term loan, covering 35 years, with a 2 percent interest charge. They cannot afford to develop those areas without this legislation.

This money can be borrowed by any existing company from REA. These existing companies have an exclusive monopoly to do this developing for the first 6 months. Yet I have found that many people appeared before this committee, good businessmen, and resisted this legislation to the utmost—to the last legislative ditch, so to speak. They said they did not need any 2 percent money. They said they did not need any 35-year loan, and they admitted that they could borrow money under this bill on the above-mentioned terms but they did not want to go through the REA. They wanted to run it through the FHA. I guess for the benefit of the bankers, and have the loan guaranteed by the Government.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. O'SULLIVAN. I yield.

Mr. POAGE. Did not the same group of people tell us that the average rate paid on loans by independent telephone companies today was in excess of 7 percent?

Mr. O'SULLIVAN. That is correct.

Mr. POAGE. With each telephone valued at \$200, that would be \$14 a year. That is more than a dollar a month for each subscriber.

Mr. O'SULLIVAN. Yes.

Mr. FOAGE. If they got this new money at 2 percent they could cut their rate by nearly a dollar a month and still make as much money as they are making now.

Mr. O'SULLIVAN. Yes, that is right.

I want to call the attention of the committee particularly to the testimony on page 171 of the hearings. I had the following colloquy with Mr. Widen, who appeared as a witness before the committee:

Mr. O'SULLIVAN. Men are fighting to get loans at the lowest rate of interest possible. Your company has stockholders, and the stockholders are interested in different kinds of returns, including dividends. They are interested in seeing this country run along the lines of economy. If, as far as your future development is concerned, in these so-called blighted areas where it is too expensive to do this work, it might be helpful if you could get 2 percent money on a long-term basis so that in the long pull, we will say 30 years from now, it might develop into paying business, then you should support this bill.

Mr. WIDEN. The testimony I have heard has indicated that it may be possible to arrange for such 2-percent money and still let the telephone industry go ahead and take care of the telephone business.

Mr. O'SULLIVAN. I think it is agreed that, with perhaps one or two exceptions, no one in this Congress would want to have this Government control or harass you or give you any governmental interference. But when the Congress is trying to be helpful to you, trying to see that these blighted areas get telephone service, and to help you do it by providing for an arrangement to use the power lines and other equipment of REA on 2-percent money, that is not kicking you in the pants. That is helping you.

So it goes, on and on, and I recommend that you read these hearings carefully. This man had the audacity to say that he did not want 2-percent money for his stockholders. He wanted to pay a larger rate of interest and he wanted these loans channeled through the FHA so that as I said before that possibly the banks would get a cut out of it. The whole thing is so patently plain that what they want is not economy, but they want to take care of their own little business cliques and take their own sweet time in giving neglected rural areas relief.

Furthermore, you will find from reading the hearings that by inference it appears, that the bankers are against this; they want their cut out of it. The suppliers who furnish telephone equipment and material want their cut out of it, and if they went to REA they would not get it. It is just plain free-enterprise selfishness. These men are not working in the best interests of their stockholders; they are cutting down dividends to give some preferred group or groups a chance to make some money out of their expansion programs in rural areas.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. O'SULLIVAN. I yield.

Mr. YATES. Are not the references to the group about whom you are speaking covered in section 201 of the bill? On what basis does the bill seek to give preference to persons providing telephone service in rural areas, and to public bodies, cooperative, nonprofit, limited-dividend, or mutual associations? They

are already in the field; for what reason should that preference be given?

Mr. O'SULLIVAN. I do not know whether you have selected the proper section or not which relates to these preference groups but those who have existing telephone lines and facilities are given a 6 months' preference under this law. This was done as a matter of common justice and also just to satisfy these people who have built up and made the telephone business what it is today, and who have the over-all know-how. It was the thought of the committee and the drafters and sponsors of the bill to give these people a preference because they have the know-how and let them have, not an everlasting preference, but a 6 months' preference to start to do the job of extending their present lines and facilities into neglected rural areas which we find throughout our country, and if they—this preferred group—do not act within that time, then others may step in and do the work. We thought that they should have such a 6 months' preference.

I hope that this bill will find a place in the law of the land and urge all to support its passage.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, when the rural mail service was first established, more than half a century ago, it was regarded with great hostility as a scheme which would prove unworkable, a most costly experiment which would prove to be impracticable as well as expensive. Even the relatively few advocates of such a mail system were doubtful of its success on a wide scale. Dire predictions were made as to the ultimate consequences to the Nation even if it proved to be as favorable an innovation as only a few thought it might be.

But now the large part of the agricultural area is served by such a rural free mail delivery system, which continues to be extended and expanded from year to year. After 50 years the system still is incomplete as further surveys are being made to bring the service to the door of every farm home.

The benefits of the rural mail service have been so great that nobody now questions its value to town and country alike. Even the hostile objections which seemed so apparent in the pioneer days of the rural mail service have been forgotten. Farm methods and farm life have been vastly improved in that half century, and even now rural mail service lags in spots in spite of the progress made. Nobody advocates curtailment or abolition of the system.

When, but little more than a decade ago, rural electrification was proposed to take the modern electrical devices to the farm homes of our country, the proposal met with the same form of doubt and objection as were at first raised to the rural mail service. Taking electric light and power to the millions of farms without such service had been limited, and only Government assistance and long-term financing made REA possible. It has proved a wise form of Government aid. Now more than two-thirds of the

farms of the country have become electrified. Along with an enormous expansion of REA there has been extension of private utility lines to thousands of farms. REA not only became a successful system of its own, but it soon demonstrated to public utilities that the farms could and should be profitably supplied with electric service.

And the REA is paying out. The Government has lost little if any of the financial aid it has extended. So great has REA become that it has benefited the thousands of rural cooperators, but urban as well as country life has been vastly improved by this particular form of Government assistance. Great generating plants which could not have been possible through public utility financing furnish the electric current for millions of farms and in some instances to the public utilities which, in some areas, have been unable to expand their facilities to meet the demand.

Now comes this bill H. R. 2960 from the Committee on Agriculture authorizing the Rural Electrification Administration to make loans for the expansion and improvement of rural telephone service. It would provide the same system, the same terms and conditions which REA has employed in making loans for farm electrification.

There are approximately 178,000 farms in Wisconsin. In a great dairy State with thousands of small farms, it might be supposed that telephonic communication with farm homes would be almost universal.

Such is not the case. In 1945, when the last census of such telephones was taken, only 86,107 farms had any kind of telephone connections. There were 91,638 farms wholly without telephone service. In the census of 1920, 59 percent of the farms were connected with some kind of telephone system. In 1945, that percentage had dropped to about 45 percent. No other facts are necessary to establish that there is an urgent demand for a Federal policy which will prove sufficient for an immense purpose.

The bill before us is intended for the benefit of existing telephone systems as well as cooperative endeavors, for privately owned and controlled systems as well as newly organized associations. Amendments to the measure insure that there will be no duplication of telephone systems, but Wisconsin, by law enacted over 40 years ago, stopped such duplication by requiring that its public-utility commission should have complete jurisdiction over all applications for new utility systems. The present measure specifically would prevent that form of competition with existing lines.

Those who insist that the loans made for the purpose of the bill should bear a higher rate of interest might bear in mind that our Government, by the authorization of Congress, has loaned billions to foreign countries at less than 1 percent interest, with little or no assurance that either principal or interest will ever be paid. It would not be wise to foreshadow failure of rural telephone lines by imposing a much higher rate than now is being paid by REA.



I heartily favor the enactment of this measure. It is another step for a better farm life and better farming facilities. Its need is apparent and the enactment should be made.

Mr. FUGATE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. FUGATE. Mr. Chairman, I am supporting H. R. 2960. This is a bill to amend the Rural Electrification Act of 1936. The purpose of this bill is to provide telephone service for rural areas not now served. I want to emphasize that H. R. 2960 does not propose to displace or supersede any existing service.

Where private, corporate, cooperative, independent, and mutual companies are operating, this bill protects them. As a matter of fact, it not only secures for them the territory in which they are operating, but it makes available to them additional funds on the same basis, at the same interest rate.

It specifically gives them the right to enter any unserved section first. They have 6 months to make a survey and indicate what territories they desire to serve before any other person or company can build a line. Moreover, no funds will be loaned unless the party presents a certificate of convenience and necessity, issued by the State regulatory body, having authority to regulate telephone service, to the Rural Electrification Administrator, in States where required.

No loan shall be made for improvement, construction, acquisition, and operation of telephone lines until after the Administrator has determined that the service is necessary. Furthermore, loans shall not be made unless the Administrator finds and certifies that in his judgment the security is ample and that such loan will be repaid as stipulated.

Money made available, if this bill is enacted, can be used for loans only. No grants in aid or otherwise are authorized. It is true that rural telephone service will be subsidized. The difference between the interest rate of 2 percent, which this bill will provide for borrowers and the prevailing rate paid by existing companies represents a subsidy. However, the Government can lose only the difference between the 2-percent rate and the rate currently paid for money, which is about 2½ percent. Increased business and additional property for taxation partially offsets this.

Testimony presented to the committee indicated a source of needed financing that would make available loans to be repaid over a longer period than banks could safely provide. Amortization loans will be made not to exceed 35 years. This is the same period as loans are made under the Rural Electrification Act.

One provision in this bill, which will be of assistance to small independent companies, is an amendment whereby they can borrow money, on the same terms, to refinance existing indebtedness. Under this amendment, a company can negotiate a loan, pay off its obli-

gations and use the balance to improve and expand its facilities.

Mr. Chairman, the Committee on Agriculture has brought in a good bill which deserves our support. It is legislation needed to provide for the farmers of America an opportunity to have in the country that which the cities have had for years. It is a social and economic necessity. Farming has become mechanized. Often it becomes necessary to find repairs in the midst of harvesting a valuable crop. The farmer should have the same public utilities available for the efficient operation of his business as other citizens enjoy. He should not be penalized because of his isolation.

The producers of food and fiber should have his needed service. It will not cost the taxpayer but little, if anything. This is the kind of legislation that commends itself to every fair-minded person.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

Mr. CHRISTOPHER. Mr. Chairman, I hope we do not make a sectional or personal proposition out of this telephone bill. The thing we want to consider is the folks who need the service and whether we should give it to them or not. If we have anything of a sectional or personal nature, let us take care of that on the street or in the halls or over at the boarding house or out at our apartment. Do not bring it on the floor of the House. I am myself considering the folks out in Missouri who need telephone service.

I want to tell you a little thing that happened before the turn of this century. You know, getting old has some compensations. You can look back and see things that happened in the days of your youth that have an application now.

Back about 1898, or more than 50 years ago, my father put me on an old gray mare, and gave me a sack that had a plowshare in it and said: "Take this down to the shop and have it sharpened."

When I got down there two or three other men were ahead of me. I laid my plowshare down and sat and listened to a conversation between two old gray-headed men. One said to the other: "Did that fellow stop yesterday that was trying to organize the RFD route out of Butler? Did he stop at your place?"

The other man said, "Yes; he stopped." "Did you sign up to have your mail delivered?"

"No; I did not. Did you?"

"No; I did not. You know, I only get four letters a year and three of them are duns. I would be happier if I never got them and I do not care whether I have my mail delivered or not. I went to Butler ever since I came to this county to get my mail and I can still go." He lived 12 miles from town over muddy roads, but he said "When I want my mail I know where it is and I can go and get it. This thing is going to bankrupt the Federal Government, you know that as well as I do."

He said, "It is a scheme to get a lot of fellows a job with good wages to ride around delivering mail, while we work like the devil to pay their salaries."

He said, "I am not in favor of it."

The other fellow said, "I am not, either. I am not going to let them deliver my mail."

He said, "Just think, that is happening all over the United States."

One of these old fellows laid his hand over on my head, just a little fat farm boy who took a plowshare to the shop, and he said, "I do not care for myself, I will not be here very long, and neither will you, but I am thinking about these little fellows like this one."

He said, "They are going to saddle a debt on this little boy that he and his children will never be able to pay. He is just going to become a galley slave."

I began to get scared. Finally my plowshare was sharpened, and I went home. The first thing I said to my father was, "Daddy, what is a galley slave?"

He said, "Why, son, what made you think of that?"

I said, "Well, somebody in town said I was going to be a galley slave, that this rural free delivery was going to saddle a lot of debt on me and you that would take away our farm and make a galley slave out of me. If I am going to be one of those things I want to know what it is."

He said, "Oh, son, I think the old Roman warships were pulled with oars, and they were pulled by a lot of men down in the hold of the ship; they were called galley slaves. When they captured a nice young man who was strong, they put him down there and worked him to death. But don't you worry too much about that."

Mr. Chairman, that happened. I am not just telling a story up here. I lived through it.

Every bit of service that has been proposed for farm people from that day to this has been characterized as bankrupting the Federal Government and making galley slaves out of us. I do not feel like a galley slave; I have not become one yet, and I do not believe you folks are. I hope when this measure comes up to a vote you will support it and we will give these people in the country, that cannot get telephones any other way, some telephones.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, I wish to direct attention to one or two factors which I believe should be taken into account in the consideration of this bill.

The present financial condition of the Treasury makes our job more than one of merely deciding whether a program is good or bad. We cannot afford all the things that are good. I am fully aware that the telephone service in many rural areas is very much in need of improvement.

I would have preferred to have this bill amend the law relating to the Reconstruction Finance Corporation by making long-term low-interest-rate loans available to small companies for needed equipment and required engineering skill to

improve their service, and by aiding territories without telephone service in financing the building of new companies.

This present bill provides that the loans will be made available by direct appropriations from the Treasury. We are now making more appropriations than we are receiving in taxes. If loans were handled through the Reconstruction Finance Corporation it would not present this budgeting problem.

It is also my feeling that the Rural Electrification Administration should stick to its main job. It has not finished by any means. Approximately one-half of the farm homes in the State of Nebraska have not yet been reached by rural electrification. My concern is for the farm family which is still washing lamp chimneys, trimming lamp wicks, cooking on a kerosene stove, and doing without electricity to run the cream separator, the washing machine, the feed grinder, and all the other machines needed on the farm.

The first responsibility of this Congress, the Rural Electrification Administration, and all the REA associations is to get electricity to all the farmers. I believe there is some just criticism due some of these groups for the slowness of their program and their lack of concern for the farm family struggling along without electricity. The Rural Electrification Administration should not be assigned another job until it finishes this one. I have regularly and consistently supported the appropriations to bring electricity to rural America. I expect to continue to do so.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, I supported this bill in committee and I support it now. It is my feeling that there is great need for legislation of this kind. It is my belief that it will bring telephone service to thousands of rural families throughout the country who will never obtain telephone service in any other manner.

Our rural people today enjoy most every convenience of this modern age with the exception of telephones. They either have or there is fast coming to them good roads and highways, good schools, electricity, and radio. On the other hand there are thousands who hold out no hope for telephone service unless this bill becomes law.

The Rural Electrification Administration has been one of the most successful agencies of our Government. The blessings which have been brought to our farm people through this agency are untold. Yet, it has not cost the American taxpayer one dime. REA lines have not been constructed through grants from the Federal Government but through loans and loans only. The funds which have passed through the Rural Electrification Administration to REA cooperatives will eventually all be repaid with interest. In many instances payments have been made far ahead of schedule and only in a very few cases are the payments in arrears.

The purpose of this bill is to authorize and direct the Rural Electrification Administration to make loans very much

in a similar manner for the construction of rural telephone facilities. There will be no grants or gifts but loans and only loans. Every dime of the funds will be repaid with interest.

It is estimated that more than 57 percent of the farms of our country are without telephone service. I realize that there are many farms and rural families who would never enjoy or install telephone service even though a line was conveniently located. On the other hand, it is true that a very large percentage of those without the service would install same if the service were only made available.

In my own State there are 263,528 farms. According to the 1945 agricultural census only 3.7 percent, or 9,797, of those farms enjoy telephone service. I simply mention this in order to make known the great need for this service among my people.

In considering this bill, our committee gave very careful consideration to the matter of competition with existing companies. There is not a single member of the committee who wants to see competing lines and facilities set up in competition with an existing company that is providing or shows an honest intention of providing adequate telephone service to rural areas.

The committee has taken every step it thought necessary to protect private industry. Every amendment adopted by the committee was for this purpose. As has been stated by the author of the bill and others, no loans may be made to newly formed cooperatives for a period of 6 months after the bill goes into effect. This is to afford existing companies an opportunity of expansion.

There are now at least 33 States where certificates of convenience and necessity are required of telephone companies. Some of these have no jurisdiction over cooperatives. But almost all State legislatures will be in session next year and every State which desires to add its further safeguards to a prevention of duplication and competition by cooperatives may certainly do so by a simple act of the legislature. In any event, the bill requires a certificate of convenience and necessity from those States which now require such before the Administrator may make a loan under the authority in this bill.

There is a further effective safeguard in the bill that should not go unnoticed and upon which emphasis should be laid. It requires the Administrator to find and certify that the security for a loan is adequate and that the loan will be repaid when due. Therefore, I do not see how the Administrator could possibly make any such certification in the case of someone who wanted to set up a new telephone company with paralleling lines and in competition with one that is rendering even passing service.

Most significant is the fact that loans may be made to existing companies. And several independent companies have expressed to me personally their approval of the bill and state that they expect to expand their facilities under its authority. The authority for refinancing, which the committee put into the bill, is to help small companies who

need to refinance their present indebtedness at a lower rate in order to expand their present rural facilities.

It is my honest belief that the bill provides every safeguard and encouragement that can be provided for individual, privately owned telephone companies now in business and that the great majority of the loans will be made to such companies. If the bill does not provide the proper safeguards then I am not so wedded to its present language that I would refuse to support amendments to effect them.

Rural America is unquestionably supporting this legislation. They believe and we believe it will bring to them a service which they sorely need.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Chairman, I rise in support of the Poage telephone bill.

I realize that the time for debate is limited, but I wanted to raise my voice in support of this measure. I hope the House of Representatives will pass it today and without amendments which would tend to interfere with the success of the program.

A relatively small percentage of the rural homes of America have telephone service—less than 18 percent in Texas, I believe. The fact is, as has been pointed out, that a smaller percentage of the rural homes of America have telephone service today than 25 years ago. This is true in spite of the fact that the need for telephone service is becoming increasingly more important.

I shall leave it to the gentleman from Texas [Mr. POAGE] and other members of the committee to discuss the detailed provisions of the bill. I trust the House will take favorable action today and that this bill may become the law and contribute, as I know it will, to the health, security, and happiness of the rural people of the United States.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. WHITE].

Mr. WHITE of California. Mr. Chairman, as far as the necessity for this measure is concerned, may I say that I am a farmer myself and I have been through an experience which to my mind thoroughly justifies this legislation.

I operate a farm, or a ranch, as we call it in California, 20 miles from the nearest town. In the early part of the war we had no telephone. The previous owner of the property never went to the expense of putting one in. We had such a terrible time getting parts for our farm machinery during the war that I found it would pay to go to the very heavy expense of putting in a telephone to keep from running back and forth in an automobile between the town and the ranch, a round trip of 40 miles. I think that same thing applies to every farmer who has to make trips back and forth to town when he does not have a telephone. I believe it is an economic saving to the farmer. Since the Government is more or less subsidizing the income of the farmers anyway, I believe the Government would make an over-all saving to go along on this piece of legislation and



subsidize the putting in of these telephones.

As far as the interest rate is concerned, we must all admit that the interest rate is lower than the commercial rate, but certainly since we are subsidizing the farmers anyway, it does not appear out of line to go along at this rate of interest.

I hope that the Members of Congress will not be misled by the tremendous flood of telegrams being received in Washington from the so-called independent telephone companies. If you are familiar with the situation I am sure you know that every small telephone company, to have any standing with its subscribers, must have a contract with Mother Bell, as we call her, which is the familiar name applied to the American Telephone & Telegraph Co. Unless those independent companies are able to make a contract with the American Telephone & Telegraph Co., they, of course, cannot operate and cannot get subscribers who will pay a monthly bill. Obviously, the parent company, the national company, maintains a certain amount of control over these independent companies. It is my observation and feeling that the independent telephone companies which have been sending these telegrams here have been sending them under pressure. Certainly a small independent company should not object to the Government's generosity in providing operating capital at the rate of 2 percent. As a matter of fact the American Telephone & Telegraph Co. certainly should not object to that generosity for they, too, are eligible to borrow at that tremendously low figure and could, as I see it, reduce their rates with such a low interest rate.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. WHITE of California. I yield.

Mr. WHITE of Idaho. Is it not a matter of fact that the quotation of Bell stock on the market was \$170 for a bond carrying about 3 percent and that they are almost up to the price where they could really get money for about 2 percent or less in the commercial market.

Mr. WHITE of California. I am not currently posted on those particular bonds, and, therefore, cannot answer the gentleman's question.

Before closing, I would like to leave this message with my liberal Democratic friends on my right, with reference to the matter of recriminations, and punitive votes on this particular piece of legislation which I understand has been rumored. I urge each and every one of you to put that thought out of your mind because this is a national issue. I certainly hope that if you want to punish somebody you will wait until the district of the particular gentleman is involved, and not try to punish everybody in the party in voting on national legislation, which involves the farmers of the country.

Mr. HOPE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this is a bill which has been studied very carefully by both the subcommittee and the full Committee on Agriculture. Extensive hearings were held on it, which hearings were attended by representatives of both the Bell and independent telephone companies. They

were given full opportunity to make suggestions and to suggest amendments to the bill.

As a matter of fact, a number of amendments which were suggested by the telephone industry are incorporated in the present bill. I believe the bill ought to be enacted in its present form. I think it is entirely satisfactory. I do not believe it will in any way in its present form affect any rural telephone company which is now in existence and which is rendering efficient and reliable service or which is covering the territory in which it operates. I believe it will have the effect of making it possible for thousands of existing rural telephone companies to really give effective service to their patrons. Under the provisions of the bill, as you will note, existing rural telephone companies have a preference so far as getting loans is concerned. There are thousands of them at the present time, merely struggling along rendering very poor service. They have no opportunity except that afforded by this bill if it is passed, to furnish anything like good service in their communities. Their problem is principally a problem of finances. They are in communities which do not offer anything attractive in the way of an investment for the Bell Telephone Co., except in certain isolated areas where they may come in and skim off the cream. They are in areas where the local companies which are already in there are not able to secure finances to enable them to make necessary improvements and to render efficient service.

If this legislation is passed and loans for 35 years at 2 percent are made available, practically every one of those companies will be able to refinance itself and to furnish adequate telephone service to the communities in which they are operating.

I know of no service which can be rendered in any rural community today that is of greater importance than the establishment of good, reliable telephone service. The farm home is not only a home but it is an important business establishment. The farmers today are in a situation where they need a telephone to carry on their business operations to the same extent as a businessman in town. If we can afford an opportunity to furnish this service at a cost which they can afford to pay, I know of no greater social or economic help that could be afforded.

I can understand how some Members of this House might be concerned about this bill because there has been a great deal of false and misleading propaganda circulated concerning its provisions. A great deal of that propaganda is based upon provisions that are not now contained in the bill. In other cases there is a misunderstanding of what the legislation now provides. Some Members of this House, who are entirely familiar with the REA program and who have supported that program through and through, have expressed some doubts about this program. I say to you it is exactly the same thing. If the REA is sound, if the REA is desirable, then this is equally sound and desirable.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HOPE. Mr. Chairman, I yield myself two additional minutes.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. JENSEN. On page 4 of the bill, I notice this language:

That, for 6 months from and after the effective date of this act, no applications for loans shall be received by the Administrator except from persons who on the effective date of this act are engaged in the operation of existing telephone service in rural areas.

That means that the telephone companies that are in existence today have only 6 months to improve their service before an application could be made to give them competition. Does not the gentleman feel that that time should be extended at least to 18 months or 2 years?

Mr. HOPE. No. I think the gentleman has misconstrued the language. All that this means is that nobody can make application for 6 months except a rural telephone company now operating.

Mr. JENSEN. I understand that.

Mr. HOPE. Does not the gentleman think that is sufficient time?

Mr. JENSEN. No; I do not think so.

Mr. HOPE. Even after this 6 months an existing company will still have a preference. That preference does not end with this 6 months; they continue to have it.

Mr. JENSEN. I still think the time should be extended to at least 18 months.

The CHAIRMAN. The time of the gentleman from Kansas has again expired.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. EVINS].

Mr. EVINS. Mr. Chairman, this bill is needed and meritorious. I rise to support this legislation and should like to congratulate and commend our distinguished colleague from Texas, chairman of the subcommittee, Mr. POAGE, the author of this bill, who has worked on it so diligently, also the members of the committee. I think it is meritorious legislation and a bill that should pass. Let me recite an instance which will serve to illustrate why I am supporting this legislation. Last summer, in visiting over my district, the people of Frankewing, a community of 300 people in Giles County, near the Alabama line, called to my attention their great need for telephone service, several citizens insisted that their rural telephone problem was a very serious one. They said they had not one telephone in their community, not a single telephone in a community of 300 people. They asked me if I could help them. I, of course, assured them I would do what I could to see that telephone service was furnished to them. I went to the county seat of Giles County—Pulaski—to the office of the Southern Bell Telephone Co., and told them of the situation in that community of 300 people without a single telephone and urged and insisted that such service be extended. There had been a storm 3 months previously which had destroyed the line some 10 or 12 miles away. I asked them to do all they

possibly could under the circumstances to see that adequate telephone service was furnished to these people. Officials said they would have to take that up with their Nashville, Tenn., office. I visited the Nashville office, following up the matter and checked into it, and asked them to try to do something. They stated that they had many more applications than they could possibly fill, that they did not have adequate equipment and facilities, and that they could not take care of this request.

I had a similar request for rural telephone service from farmers and other citizens at Flintville, Lincoln County, in my district. Here there exists also need for rural telephone service. The people there had applied to the Southern Telephone Co. or any other telephone company that would move in, to provide the needed service. But such service has not been provided. The need continues to exist.

These are only two of the many instances that illustrate the need for the passage of this bill. I have no other alternative, and am pleased to support this legislation.

It seems, Mr. Chairman, that when we get into the subject of modernizing farms in this country and extending some of the conveniences and necessities of city life to our farmers, we run into a curious situation so far as the tremendous progress we have already made along this line is concerned.

Through the Rural Electrification Administration and its growing network of power lines we have, as we all know, made vast and essential improvements in farm life. A farmer can now come in from his work at noontime, tune in his radio, and while he waits for dinner hear broadcasts of events of vast importance almost as quickly as they happen. Yet, in the great majority of cases, that same farmer, with all his modern electric equipment, is unable to pick up his telephone and call a doctor if his child is stricken critically ill.

The measure we are considering here today to make telephone service available in rural areas in no way proposes any revolutionary methods. In fact, just the opposite is true, yet we are hearing some of the same arguments advanced today which were used when the REA program was proposed. But, so far as I know, practically every argument used to fight REA has been dissipated through the successful, businesslike operation of the rural electric power program. REA has been proved to be one of the soundest, most businesslike operations in our Government today and what is proposed in this bill is only a desirable and essential extension of that REA service.

This bill simply proposes to utilize the vast electric power facilities and the established resources of the REA to take telephone service into rural areas—which in this modern age are isolated in many instances from any source of assistance in time of need and which may not operate the normal business life in a normal way. This service proposed today would be paid for by the grateful recipient—the Government would not be giving telephones to our farmers, but

merely giving them a chance to have—and to pay for—a service which in our cities and urban areas is looked upon not as a luxury or even the suggestion of a luxury—but as a real necessity.

Telephones cannot be accomplished on an individual basis. If that were the case, there would be telephones in Frankewing and Flintville and in many other of our fine rural communities and sections. To these people who wish and need telephone service, the price of extending the lines for many miles is prohibitive. The cost of such an operation is prohibitive also to private telephone companies which operate efficiently in urban areas, but, even so, these rural people should not be denied a service which is regarded elsewhere as a basic business and personal necessity. Private companies have absolutely declined to extend their service here upon request.

It is not necessary for these people to go without telephone service, if we will here today make it possible for the resources of our Government to be made available—to be allowed to step in and help these people finance the extension of telephone service to their farm homes and rural communities. These people will gladly bear the cost and pay the Government back with acceptable interest. The same thing is going on all over rural America with regard to REA lines, which have more than proved their worth and soundness over the 13 years of operation.

Private independent telephone companies are not going to provide this service—they cannot do it. Only the Federal Government can do it.

There is a vast difference of opinion as to the actual number of rural telephones in use in the country today. In hearings before the House Committee on Agriculture, which has made an extensive study of this question, spokesmen for certain independent telephone companies testified that rural telephone service is now available to about 75 percent of the occupied farms in the United States. To those of us acquainted with conditions in rural sections, those figures are somewhat hard to swallow. The committee also refused to accept these figures and took sharp issue thereon.

If the adequate telephone service to farms and not the mere possession of a telephone instrument is to be taken as the criterion—

The committee concluded and so stated in its report on this measure—

the figure of 42.2 percent of farms served as of January 1, 1949 \* \* \* is exceedingly liberal and that probably considerably fewer than that percentage of farm homes are not receiving telephone service that is adequate by modern standards.

The committee evidently had in mind, as do many of us, the large number of crank-type telephones which are hanging silent and useless in many a farm house because the lines were never connected or, out of order, were never repaired.

The fact is, the percentage of farms without telephone service is so low as to be deplorable. Certainly there are fewer telephones in use in rural areas than there were in the years immediately following World War I.

In urban areas throughout the country telephones are plentiful—and yet a farmer cannot call a doctor; cannot pick up a telephone to transact his business, to buy and sell on a changing market; to order repairs and help when his farm machinery gets out of order and help is needed.

With our present-day methods it has been found that the same poles can be used for both power and telephone lines. Certainly nothing more efficient and economical can be envisioned than to let the telephone line follow the power line into the farm community and home.

As I have indicated, it is impossible for private companies to finance the rural telephone service. In hearings before the committee on this bill, it was brought out that financing by telephone companies is normally based on the so-called life cycle of its plant and equipment, uniformly considered to be 25 to 30 years. Certainly very few sources of credit are open to a business concern on a 25-year basis. Banks and other credit establishments are not interested in such long-term loans, and both types of credit institutions reflected their complete disinterest in the legislation when they did not even bother to send representatives to testify at hearings on this meritorious bill. The RFC is not interested in making 25-year loans. That leaves the Government as the only source of credit in this instance.

Nothing new or drastic has been suggested in this bill. The method proposed here—that is, the proposal to do the job through the REA—is one which we all know will work; it has been working for about 15 years—and certainly it meets the approval and commendation of all parties concerned. Telephone service on such a basis would be equally successful—and the Government would be rendering a great and fine and needed service—without expending huge sums of money with no return.

I sincerely trust, Mr. Chairman, that the approval of the House will be given to this measure which will prove of inestimable value in the progress of rural America. As we all know and recognize, prosperity of agriculture in America means prosperity of all America.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. THORNBERRY].

#### A JOB NEEDS TO BE DONE

Mr. THORNBERRY. Mr. Chairman, it is hard for me to believe that anyone who professes to have the interest of the American farmer at heart would not enthusiastically support H. R. 2960 which provides a program enabling the farmers of this country to obtain the rural telephone service that they have sorely needed for so long.

Before I went into a study of this measure, I was already convinced that reliable telephone service is an absolute necessity to the farmers of my district and of our Nation. But, until I had studied the facts and figures surrounding this bill, I did not realize that there exists such a deplorable lack of this essential service to our farmers.



The facts in the case do not point to progress in any form; but rather to backsliding on a job that needed to be done. For example, in my own State of Texas, in 1920 approximately 32 percent of the farms had telephone service. That, to be sure, is not a figure to be proud of—but, just listen to the figure for 1945. In 1945 only 17 percent of farms in Texas had telephone service. In other words, more than 83 percent of the farms of Texas are, today, without telephone service of any kind. That means 8 out of every 10 Texas farms are lacking in telephones. This fact alone is enough to convince me that H. R. 2960 should be passed. To be sure, a job needs to be done.

Fortunately for the farmers of my district in Texas, an earlier Congress made it possible for them to have electric power on their farms. And, now, this Congress has the splendid opportunity of assisting in bringing telephones to them. One Congress rescued the farmer from the hand pump and the oil lamp. We, today, can go the rest of the way and give them modern methods of communication. For one, I will consider it a privilege to have been a Member of a Congress that helped in doing this job that so badly needs to be done.

Surely no one will contend that the farmer needs less to communicate with the markets for his products than the merchant or producer who lives in the city.

And there is no one, I feel certain, who will say that the father and mother on the farm do not need, as immediate communication facilities for summoning medical aid for themselves and their children as parents living in the city.

There seems no doubt to me that the farmer needs a sure means of communication on which he can rely in times of emergency, as in the case of fire—just as does the city man.

And for the farm family just as for the city family, telephone service provides a link with neighbors and the outside world that can do much to increase the enjoyment and contentment of family living.

No; I am sure that there is not a person here in this Chamber today who would argue in this fashion against H. R. 2960.

I have attempted to approach this bill and the benefits it would provide from a positive angle—for, to me, it will offer not merely a convenience, but an absolute necessity to the farm areas of our Nation.

In providing this long-overdue service to our farm families, I do not feel that private enterprise will in any way be destroyed.

It is the hope of many of us who have studied this bill that much of the expansion and improvement of the rural telephone system for which it provides will be carried out by existing private companies within the framework of the private-enterprise system.

First of all, it gives any existing private company an exclusive period of 6 months after the date of this bill in which to file application for loans.

After the 6-month period has expired these same existing private companies, along with public bodies and co-ops, may

obtain loans from the REA to provide adequate telephone service for rural areas.

In other words, this measure provides that public credit shall be extended at a low rate of interest first to existing private companies to extend adequate telephone service to farmers in rural areas, and, secondly, if private telephone companies fail to take advantage of the availability of this credit, then farmer groups have the right to obtain loans for this service.

This is not a fight between free enterprise and socialism, but it is indeed a fight to preserve free enterprise against monopoly and socialism.

I urge this House today not only to assist the farmers of America, but to assist the whole economy of America by giving farmers the opportunity to engage in business with modern methods of communication and his family the opportunity to enjoy the wholesome life that comes in part from the neighborliness and knowledge dependent on adequate communication facilities.

I submit to you, gentlemen, that a job needs to be done, and that it is the duty and responsibility of all of us here today to see to it that it is done properly and expeditiously.

As the editor of the Taylor Times, one of the weekly papers in my Tenth District back in Texas, put it: "The fact remains that telephone service in the country is as important as it is in town."

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. ABBITT].

Mr. ABBITT. Mr. Chairman, I am wholeheartedly in support of this bill, H. R. 2960, the so-called rural telephone service bill and if it goes into effect will be of immeasurable help to the rural people of Virginia. The Rural Electrification Administration has done a splendid job in making possible the supplying of electric energy to the rural section of our country at a very nominal cost to the Government. It is agreed on all sides that the program has functioned smoothly, wisely, and to the best interest of the people as a whole.

The telephone bill authorizes the Rural Electrification Administration to make loans for the expansion and improvement of rural-telephone service under the same terms and conditions which it has employed for many years in making loans for rural electrification.

I desire to compliment Mr. Wickard, REA Administrator, for his wise and efficient administration.

The bill does not provide for Government ownership or operation of telephone facilities. It does provide that funds shall be made available on identical terms to private corporations, public agencies and cooperatives, giving present operators of telephone facilities a clear preference over all other types of applicants and preserving to the utmost the authority of State regulatory bodies over rates, service, and service areas.

The bill further provides that before making a loan the Administrator must find as a fact and certify that in his judgment the security therefore is reasonably adequate and such loan will be repaid within the time agreed, nor shall

the loan be made in any State that has a regulatory body—in Virginia the corporation commission—having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless and until such certificate from such agency is first obtained. That is to say, that in Virginia an applicant for a loan before same could be approved and granted by the REA, the corporation commission would first have to certify that the contemplated service to be rendered was necessary, desirable, and not being rendered by any of the operators.

The loans will be available to the existing companies as well as new ones. The main purpose is to provide rural telephone service to all rural areas by making available the necessary financial assistance to private industry within the framework of the private enterprise system with full protection to existing operators who are or will render adequate service.

Unfortunately, in Virginia while we have 173,051 farms only 31,835 have telephone service.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Chairman, this is a bill to amend the Rural Electrification Act to authorize the Rural Electrification Administration, subject to certain definite limitations, to make loans for rural telephones. What I have just said probably appears to be so obvious from the bill itself and from the statements of other members of the committee as to make its repetition unnecessary.

This would be true, Mr. Chairman, were it not for the fact that, either through malice or misunderstanding, there is a widespread misapprehension as to the purposes and effect of this bill. For instance, I hold in my hand a ballot which has appeared in several newspapers. This ballot asks subscribers to complete it and send it to Members of Congress. One of the questions on this ballot is:

How do you feel about a Federal rural telephone administration, comparable to REA? (This would give Federal jobs to thousands more.)

Obviously this question cannot be germane to H. R. 2960. This bill does not establish a rural telephone administration. It creates no new agency of Government. It merely broadens the lending power of the REA to include rural telephone loans along lines similar to those now authorized for rural-electrification purposes.

To state that this additional authority in the REA will result in thousands of new Federal jobs is absurd. Such a statement either must have been born in a total disregard for the truth or was certainly prompted by the desire of malicious and greedy individuals to do through newspaper propaganda what in November last they miserably failed to accomplish at the polls. The truth is that the total number of employees of the Rural Electrification Administration is about eleven hundred. The employees of that Administration have never numbered as many as 2,000. The

legislation before us today will not create anything like 1,000 new Federal jobs.

It has been charged that this legislation will put the Federal Government in competition with private business. Nothing could be further from the truth. Every precaution has been taken in this bill to give existing companies and agencies serving rural patrons top priority in all instances. At the suggestion of representatives of telephone companies the language of this bill was changed in committee to list those now serving rural areas first in the sequence of those eligible for rural telephone loans. To make doubly sure that, so far as possible, existing organizations and individuals would do the job contemplated by this bill and to make absolutely certain that they would be given every priority and advantage, we have spelled out specifically in the legislation that only such persons will be permitted to file applications the first 6 months during which this act is in effect.

This legislation, Mr. Chairman, will be the very salvation of many small telephone companies in this country. It represents their only chance to procure the type of financing which the very nature of their business requires. What is more important, it represents the only means whereby thousands of rural Americans will be able to enjoy the benefits of telephone service. When this measure was before our committee I had a call from the operator of a small telephone company in my own county advising me that unless the bill was passed he would be unable to serve dozens of families in his area who were desperately pleading for telephone service.

The purpose of this bill is not to put the Federal Government in the telephone business. As expressed on page 11 of the committee report, it is hoped and expected that most of the expansion and improvement of the rural telephone system provided for in this bill will be carried out by private industry within the framework of the private enterprise system.

It has been charged that this legislation will give the Federal Government control over intrastate telephone utilities. The answer to this is that upon the recommendation of the National Association of public utility commissioners the bill was carefully drawn to insure that nothing in the legislation would deprive any such commission of any of its jurisdiction to regulate such service or the rates to be charged therefor. Going even further than the National Association of public utility commissioners had suggested, the committee adopted an amendment requiring, as a condition to receiving any loan under this act, a certificate of convenience and necessity in any State where such certificates are now or may hereafter be required.

The primary purpose of this legislation is of course to get telephones in the farm homes of America. It seeks to do this through a tried and proven system of long-term, low-interest-rate loans, a system which in the field of rural electrification has worked out beyond the fondest expectations of its most enthusiastic sponsors. It is a system which is paying its own way. More than this it has

brightened the homes and lightened the burdens of the farm families of America. It has done more than anything I know of to give the farm people of this country a feeling of personal dignity—a realization that they are not consigned to an inferior standard of living but, like their city brethren, are living in a twentieth century world.

Rural telephone service is a necessity. It is essential to the successful business operations of a farm. More than ever before farms are mechanized; they are electrified. These very improvements often require rapid communication. For instance, I know of many farmers who have deep-freeze units. The ability quickly to notify an electrician of a defect in the system might mean the difference between saving and losing the winter's store of food. This instance of the necessity of telephones in the business operations of a farm could be multiplied a thousand times.

Telephone service is needed to lessen the hazards of farm life. Farmers seldom live in concentrated communities. Their homes are generally isolated on their respective farms, often several miles from the nearest hospital or nearest fire station. Would anyone rearing children deny that he would feel insecure if he had no ready means of communication with his family doctor or with his neighbors? The peril of isolated living has unquestionably been one of the important factors in the great exodus of the farm population of this country to the cities in recent years.

There is nothing new in the philosophy contained in this bill. Our Government has recognized for nearly 15 years the necessity of making long-term loans to provide electric service on an area-coverage basis to farm communities. Living apart, as farmers generally do, the profits on services of this kind are too small to enable individuals or organizations to serve them on an area-coverage basis with ordinary short-term commercial loans. Yet for many years our Government has recognized that the people who raise our food and fiber are entitled to the essential services of modern life. This has been recognized by the Congress, not simply out of a desire to be of assistance to farmers but also out of a realization that a sound rural economy is essential to the strength and welfare of our country. To this end the Congress has provided many programs authorizing loans, and in some cases even grants, to help in providing these essential services to our rural areas which cannot possibly finance them through the means available to people living close together in urban communities. Many of these services have long since been recognized by everyone as normal and essential functions of our Government. This is certainly true of our rural mail service, which was once attacked as statism. It is true of our highway and farm-to-market road programs. It is true of our rural electric and many other programs.

Like all these things, rural telephones are a necessity. No one would ever suggest that America could remain the strongest nation on earth without her great agricultural economy. Nor would

anyone contend that rural life has not made a contribution to the sum total of American life, which is worth continuing. Yet all of this, Mr. Chairman, depends upon the willingness of men and women and boys and girls to live and work on the farms of this country. In this age of great technological developments farmers are not going to be satisfied with kerosene lamps and eighteenth century washtubs. They are not going to be willing to live in the country if they have to drive over rough or muddy roads to the market or to the hospital. They are not going to do it if they have to quit their work and drive to town every time a machine breaks down or every time the advice of a physician is needed.

Under this bill the job can be done through private business, through mutuals, through cooperatives, or otherwise. The important thing, so far as I am concerned, is that under this legislation the job will be done. I therefore urge its enactment without crippling amendments.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from West Virginia [Mr. BURNSIDE].

Mr. BURNSIDE. Mr. Speaker, a majority of this House has so often by its action shown its realization of the importance of farms to our national welfare that any further discussion of that subject would be repetitious. We have long ago come to the realization that a productive farm population with stable buying power is necessary to a strong economy and for the welfare of the Nation as a whole. Having admitted the importance of farm welfare, we now have an opportunity to do something about it by making another convenience available to the farmer. That opportunity is provided by H. R. 2960, the rural telephone bill.

Farmers need telephones.

Trapped at the end of an impassable muddy road, without electricity or telephones, the farmer would not be an effective worker, an intelligent citizen, or a happy member of society. Mud, darkness, and isolation simply are not conducive to such things. He needs roads so that he can take his products to market and bring back to his home the goods he needs for healthful, happy rural living. He needs electric power to supplement his handpower and horsepower in performing his farm chores. He needs electric lights to relieve his eyes of strain at night when he reads his newspaper, and to help his small sons and daughters study more effectively. He needs telephones to help him transact his business and to obtain quick action when an emergency requires the immediate services of a physician or policeman.

Our State road administrations are making progress toward providing farmers with passable year-round roads. The Federal rural electrification program is helping make electrical power available to farmers. To round off our aid to farmers, we need the rural telephone program provided for in H. R. 2960.

To the average American the telephone has become a necessity. It is necessary for finding the best places to buy and



sell; for ordering repairs for homes and equipment; for calling a doctor when someone is ill or injured; and for many other everyday and emergency uses. Urban areas are well-supplied with telephones, but in rural areas, where sparse population makes the need for telephone service greater, there is a woeful lack of such service. The House Committee on Agriculture estimates that only 42.2 percent of the farms of the United States are served by telephones, and that considerably less than that receive adequate, modern service.

In H. R. 2960 we have a workable method for making telephone service available in rural areas. It is not a hand-out. The telephone lines would be financed by Federal loans to private companies or cooperative enterprises, and the loans would be repaid—just as under the present rural electrification program. It would cost the Government nothing.

Neither would it be competition with private enterprise. In many instances, private companies have not been able to finance needed rural lines because to do so would require low-interest, long-term credit extending up to 25 or 30 years. Such loans cannot be obtained from private sources—the Government is the only agency in a position to extend credit of this type. The bill provides that during the first 6 months after this act goes into effect only existing private companies will be allowed to file applications for the loans. After that, either the existing companies, public bodies, or cooperatives will be eligible for the loans.

The program would not be expensive to administer and would not add a large number of people to the Federal pay roll, for it would be administered through the existing Rural Electrification Administration.

The combination of these two programs in the same agency would lead to the efficient and economical administration of both. The procedures would be the same as REA now uses for rural electrification—that is, the extension of low-interest, long-term loans to private companies or cooperatives. There is another connection between rural electrification and rural "telephonation"—modern technology has developed a method by which the same poles can be used for carrying both electric and telephone lines. Thus both telephone and electric service can be extended to rural areas at the same time.

I can see no good reason for controversy concerning this bill. The need is evident. The program contemplated will cause no permanent expense to the Government, and will not in any way interfere with private enterprise. It will not be costly to administer, for it will be carried out by the existing Rural Electrification Administration.

The rural-electrification program has proved that the type of program embodied in H. R. 2960 will work. It has shown that the farmer is willing and able to pay for services rendered. The time has come when we should extend the program to include telephone service, so that the modern farmer may have this modern convenience which he needs and deserves.

Mr. FOAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. MAGEE].

Mr. MAGEE. Mr. Chairman, let me say at the outset that I am sick and tired of hearing the prophets of doom and disaster shout socialism every time some measure is being debated that is calculated to benefit the farmers of our country or the average men and women of our Nation. These sanctimonious scarecrows who shudder and shiver and seek to frighten us by such cries are the coupon clippers of the clever corporations or the hired servants of the soulless self-serving utilities.

It seems to me that there is too great a tendency in this country and sometimes in this Congress to debate by diatribe. If someone suggests legislation which would protect the weak; if it be suggested that we have wealth and resources sufficient in this country so that no one should be in want, then such person must bear the brunt of being called a Socialist or Communist. If, on the other hand, someone suggests that government has no place in business, that private industry and free enterprise are the only solutions to a sound economy, then such person may be called a Fascist.

I concede to any man the right to state fully and openly his honest beliefs. I believe it was Voltaire who once said when speaking of an opponent:

I hate that man's beliefs and will fight them with all my strength; but I will also fight to the death for his right to express those beliefs.

May the day come in this country when men can arise above petty jealousies, animosities, and political prejudices; when this country may become a great public forum, where men will debate the issues as men and not as mice.

I favor the pending bill, H. R. 2960, which seeks to amend the REA to provide for rural telephones. I shall not discuss the mechanics of this proposed legislation, as it has been and will be discussed fully by members of the committee. I prefer, rather, to talk of the social aspects involved.

Our Constitution was established to promote the general welfare of the people—not a few, but all. To me, good government, sound government, means the greatest good to the greatest number.

The First Congressional District of Missouri, which I represent, is the agricultural center of the United States. Perhaps I am a bit prejudiced in favor of farm people. I own the farm upon which I was born and after the First World War I homesteaded in the Big Horn Basin of Wyoming.

Cato, the Roman patriot, once said:

The agricultural population produces the bravest men, the most valiant soldiers, and a class of citizens the least of all given to evil designs.

That statement is as true today. Yes, I have faith in the industry of agriculture. Sometimes those who live in big places feel bigger on that account. They may acquire glibness of speech and the glamor of polished mannerisms; but they acquire these things at a price. Revolutions have been fought, in the main, by farmers and rail splitters. It

is they who fired the shot heard around the world. These are the men who fought at Bunker Hill, at Shiloh, and Vimy Ridge. From this class came Patrick Henry, Lincoln, and Jefferson. I have an abiding faith in the men and women of the rural districts, in the quiet of the country, out of the mad race for money, prestige, and power; far from the demands of business, out of the dusty highways where men struggle for the hollow praise of other men.

Yet as strongly as I feel for farm folks, I know that their interests, their lives, and their fortunes, are interdependent with the lives, occupations, and destinies of those who live in the big centers, and labor in the mills, the factories, and offices all over America. If we are to be true to our trust as legislators we will think of the interests of all, not a few, but all. That is the reason I supported public housing and slum clearance, even though neither is much of a problem in my district. That is the reason I support labor, even though labor constitutes only a small ratio of the total population in my district.

I support the proposed legislation because there is a real need for it, not only in my section, but all over this Nation. Listen to this, members of the committee, approximately 50 years ago, my parents had telephone service on the farm I now own. For some 22 years there has been no service. That farm is 13 miles from the county seat where I live and for the 15 years I have owned that farm, it has been necessary for me to drive down there whenever I needed to talk to my tenant; and he had to make a 26-mile round trip whenever he wanted to ask me a simple question which could have been answered in 2 minutes over a telephone.

Just a few days ago I received a letter strongly protesting this bill. The writer stated that only backward areas were now without telephone service. Mr. Chairman, when I received that letter, I knew that Ananias was a piker, and that this man ought to be crowned king of the tall-story festival. It did not take me long to write that puerile, pusillanimous, pumpkin-headed, puny-minded puppet of the private utilities and inform him that my farm was not in the hinterland but on a hard-surfaced farm-to-market road and only 2 miles removed from a State highway. Some of the wealthiest and best farmers of my district have no telephone service. Instead of conditions getting better, they are getting worse, and they will continue to get worse if the telephone companies are left to their own devices.

Mr. Chairman, our farmers sorely need three things if they are to have the happiness and welfare they so richly deserve. They need all-weather roads. They need cheap power that only REA will provide. They need telephone service. They are as much entitled to these things as are the city dwellers. Think, if you will, of the situation when emergency illness strikes a farm family having no telephone. Someone must jump in a car and drive miles hunting a doctor. Even worse and more deplorable by far is the situation with those families having no automobile. But this is not all. Suppose the farmer has cream,

eggs, poultry, and other products that he usually markets weekly or oftener. If he has a phone, he can call stores in several small trading centers within a radius of 10 miles. He can go where the best price is paid, whereas he could not afford to drive from one town to the other. Suppose his tractor or other power equipment breaks down. He must have quick repairs or lose valuable time. A telephone could save him a day's traveling here and there. Supposing an important telegram comes to the nearest railroad station 10 or 15 miles distant. If it cannot be called, it will be sent by rural delivery and arrive 1 or 2 days later. Suppose in the busy farming season a valuable registered animal becomes ill. If the farmer cannot call the veterinarian, he must lose valuable time while he hunts one. He loses time from his work, and the delay may cause the loss of the animal.

Last but not least, think of the plight of the female progenitor who is unable to step to the telephone and keep up with the diseases of the day and the births of the Nation. Why, I have seen many a woman wear out shoe leather and a pair of legs traipsing over rough country terrain trying to keep posted on the neighborhood gossip; and the lack of a phone was the cause of it all.

The private power companies would not or could not give the farmers electricity; yet they objected to REA. They deny this, but I signed up over 4 years ago and my farm buildings have been wired 30 months and still we have nothing, because REA cannot get the power.

The telephone companies have seen fit to ignore the needs of some 55 or 60 percent of our farm families; yet they object to any plan which will solve this great need. These private utilities remind me of a dog my daughter once owned. His name was Blackie. He was kind and considerate to members of the family. He was grateful to those who paid tribute to him by gifts of bones. He was a gourmand of the first degree. He would feast until his belly bulged. However, if some half-starved tramp dog happened along and we offered that dog a bone, Blackie became a howling maniac. He became antisocial as well as anti-Socialist. He was a great believer in free enterprise and individual liberty; that is, for himself.

Over in England they used to tell a story about the beautiful Lady Rosemary, of the very highest of high society, who had never been kissed. The aggressive Lord Rushton finally introduced her to this very delightful pastime. It was a passionate, prolonged embrace. When Lady Rosemary finally came up for air, she said:

"Does everyone do this?"

"Yes," said the lord, "it's quite a common experience."

"And does everyone have the same delightful sensations that I do?"

"Yes; why do you ask?"

"Well," she said, "I think it is much too good for the working classes."

Perhaps it is on a similar theory that the private utilities feel that power and telephone service is too good for the farmers of this country.

Mr. Chairman, for many years there has been an exodus from the farms of our country. Our young people know what modern conveniences mean. They are unwilling to live on dirt roads which may be impassable for months each year. They are unwilling to spend evenings before oil lamps and drink milk that has been cooled only to the extent that comes when it is placed in a cellar or hung by bucket in a well. They are unwilling to live the life of a recluse that comes from being unable to converse with friends and neighbors over a telephone.

Our population is growing and in another quarter century it may be impossible to feed the people of our own country unless proper soil conservation is practiced and full use made of all our land. It has been my pleasure to travel extensively in every State of our Union. I know that thousands of acres of land are remaining idle because of the scarcity of farm help. Agriculture is our basic industry and upon its economy depends the economy of our whole people. We must make farm life attractive. Otherwise we face national disaster. I believe in a square deal for the American farmer and laboring man, for the hand that feeds and clothes the world is the hand of toil. This Nation rests upon the shoulders of its workers and I want them to have enough to eat, enough to wear, and enough to lay aside something for the ordinary misfortunes of life. I want them to have every modern convenience that is within reason.

Oh, I have been besieged with letters which stated that this bill is socialism and that it is but the first step toward communism. I can only say: "Shame upon any man or group of men who say this." Is it socialism to promote the general welfare? Is it socialism to give the farmer what his city cousin now has? Is it socialism to provide decent living conditions for any of our people? Yes, this cry was raised against the postal system, yet who would now argue that this most capable institution should be turned over to private ownership and control? The same cry was raised against social security and old-age assistance. It was raised against the Federal Reserve System, against child-welfare laws, against Federal aid for State highways, against vocational agriculture and all the laws which have been passed to give information to farmers on better farm practices. It has been raised against all regulatory laws, State or National, which sought to protect the people against corporate lust and greed.

Members of the Committee, let me say to you that communism cannot come in a country well housed, well nourished, and well fed; but all the repression in the world cannot prevent social upheaval, if the people perish from bad social and business institutions. The task before the country is to promote the general welfare of our people. If we do that our future is secure.

Mr. Chairman, we have come a long way in the development of agriculture and farm life. It has been a long way from the crooked stick with which our ancestors furrowed the soil up to the great gang plows of today. It has been

a long way from beating the grain from the hull by the use of crude clubs, up to the great combines of the present. It has been a long way from the ox team that used to draw the wooden plows, up to the modern tractor. It has been a long way from the thatched-roof cabin to the modern steam-heated home. It has been a long way from the forest trail to the modern concrete highway over which some farmers can now harvest their crops. It has been a long way from the burning flare to the tallow candle; to the oil lamp and to the incandescent light given us by Edison. It has been a long way from the wasteland and swamp to the modern farm.

Mr. Chairman, the question before us is not political. It is not sectional. It is a question of progress or stagnation.

Let us pass this most worthy and necessary legislation, that all of our farmers may take advantage of a most essential means of communication.

Mr. POAGE. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, of course I am heartily supporting this measure.

I think it is one of the most progressive steps that Congress has yet taken. Along with rural electrification, it will do more for the farmers of this Nation than anything else Congress has done for the last 50 years.

Rural electrification has done more to raise the standard of living of the American farmers than anything else this Government has ever done.

As I have said before, it has taken to the farmers everything the people have in the cities—except the noise and city taxes.

If this measure is passed, providing for telephone service, it will be another milestone in the progress for the farmers of America.

If I had my way, we would have a rural power line to every farmer's house, a mail box at every farmer's door, and a telephone in every farm home.

That would do more to strengthen our country, and to promote national prosperity than anything else that has been done, or attempted.

I congratulate the distinguished gentleman from Texas [Mr. POAGE] and the other members of his committee for bringing this measure to the House.

I trust it will pass without a dissenting vote.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, somehow or other coming up here to speak in this room seems entirely different than going down into the well of the regular Chamber in the House. I do not know that I will be able to add very much to the discussion that has taken place, but there are a few points I want to mention.

The first is that in many communities where REA lines have gone in, the building of those lines alongside of existing rural telephone lines has destroyed the telephone service. That was true on a



rural telephone line in my home community. The line was built some time ago; it was not a metallicized line. The running of the high line for the REA destroyed the telephone service. The people who were responsible for the financing of the telephone line were not immediately able to finance the changing of the telephone line and the metallicizing of it. That particular situation has now been corrected but it illustrates what happens. In equity, it would seem that the REA's should be responsible. A private power line would be but the REA's are not authorized to borrow money to metallicize telephone lines today. This bill offers one method of financing rural lines so that they can provide the modernizing necessary to improve the service where the REA has gone in.

That is one problem. But in many parts of my district, which in many respects is a new country, there are no telephone lines at all. I have a letter from the head of a community club who points out that his community has tried to get the commercial telephone company for years to do something to give them service, but it has been impossible to interest them in doing so. This bill will help places like that.

The number of farms in my congressional district served by telephone is only 37.5 percent and they are concentrated in a few counties. My district is a district of big distances, and yet the getting of a doctor or the getting of information to headquarters when there is a prairie fire or a forest fire is just as vital as where there are more people. We do need more telephone service.

With the understanding that I have of this bill and the amendments that will be offered we can do something constructive. We need action, first, to improve telephone service that has been injured or ruined by REA lines in some places; and, second, to make telephone service possible in rural communities that now do not have it.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. POAGE. Mr. Chairman, I yield the remainder of my time to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, as I read this bill and listen to the debate—argument on the part of some—my mind goes back 12 or 15 years and I recall the dramatic fight made in the House of Representatives when we were trying to put rural electrification through. I remember well the dire prophecies made at that time in opposition to it, and the statements that it was socialistic, that it would be destructive of private business, and that the passage of such legislation and appropriations to implement it would be destructive of our system of government and our way of life. Of course, that has gone by, and we now know that rural electrification is here, that it did not destroy private business but implemented private business and strengthened it. It brought service and efficiency, important to our national economy, and happiness to millions of persons who live in rural districts, a very important part of our national econ-

omy, and also very valuable citizens of our country.

Rural electrification is here to stay. It has been administered in a very able, efficient, and effective manner. I think private business in the main would oppose any effort to discontinue rural electrification or its extension where necessary throughout the country.

Today we come to another step which is a logical one to take, providing through the machinery of the Rural Electrification Administration loans for the purpose of providing rural telephone service. Of course, the rule of reason is going to apply to this the same as it has to the operations and administration of the Rural Electrification Administration. It is going to be an implementation of private business, not a challenge to private business. It is going to strengthen private business. It is going to increase the efficiency of our national economy. The farmer who will benefit as the result of the passage of this bill will be able to be a more effective individual and make a more important contribution to our national economy.

We now know telephones are not a luxury. Of course, where persons cannot afford them, they have to deny themselves because of the other financial demands made upon them in the conduct of the home and the family. But where a person is in a financial position where he can reasonably have a telephone, he finds that it is no longer a luxury; it is a necessity, not only from the angle of business but from the angle of happiness and contentment.

I have no farm in my district, but I am rather proud of my votes in relation to the farmers, and I think I can place my voting record against that of anyone who represents an agricultural district and who considers he has a perfect voting record.

I am not afraid of this bill. I am for it. Instead of being afraid of it, I applaud it. It is a natural step to make after rural electrification. In this intense age in which we are living, with its tremendous economic system, it is a natural follow-up of rural electrification. The committee has reported out a bill which has been very carefully considered. An amendment will be offered so as to assure on the State level that there will be no unreasonable, unfair, or improper competition with telephone companies already in existence. I do not think the amendment is necessary. The bill covers that, but nevertheless there is no harm in putting the amendment in because it will expressly set forth protection to telephone companies already in existence. I am absolutely in favor of this bill. There is nothing dangerous about it. It is a strong, healthy, normal, natural step to take. I hope the bill will be passed by this body and will quickly become law.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That it is hereby declared to be the policy of the Congress that adequate telephone service be made generally available in rural areas through the improve-

ment and expansion of existing telephone facilities and the construction and operation of such additional facilities as are required to assure the availability of adequate telephone service to the widest practicable number of rural users of such service. In order to effectuate this policy, the Rural Electrification Act of 1936 is amended as hereinafter provided.

Mr. SUTTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am a member of the Committee on Agriculture. I was there during the hearings on the bill. I offered an amendment in the full committee to strike out the section on page 4, line 1, starting with the words "and provided further" down through line 6, concluding with the word "areas".

The purpose of the amendment, which was defeated by one vote in the committee, is to do away with special class legislation, which I consider unconstitutional. This amendment by perchance was not in the first bill which we had on this rural telephone company, but was an amendment which was subscribed to and introduced by the American Telephone Co. to protect big interests. My idea on this bill is that it is a good bill. We need it. I do not think, however, that we ought to give 6 months' preference or priority to big companies to do away with the 2-percent interest to take care of the rural telephone situation. It so happens that at any time you have money at 2-percent interest your big businesses will gobble up all that money and will not give your co-ops a chance to build the telephone lines which are so badly needed, and the results of this bill.

I think we should not put this provision in the bill and should not give priority to any special class, but in turn should have it open for all to apply and let your Administrator determine the one who should be the borrower of this money to provide more telephones for the rural areas.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. YATES. I agree with the gentleman that this bill is a good bill in its intention. I intend to support it. I think, however, some amendments should be made to section 201. I should like to refer the gentleman's attention, inasmuch as he is on the Committee on Agriculture, to page 3 of the bill and the last proviso appearing on that page, starting at line 22 in which it is stated that the Administrator in making loans shall give preference to persons providing telephone service in rural areas and to public bodies, cooperatives, and so forth. It was my understanding that this bill seeks to give preference to all persons who shall provide telephone service in rural areas, whether they be private companies, public bodies, cooperatives, nonprofit companies, or otherwise. I frankly cannot understand what the language of that proviso means in seeking to give preference to persons providing telephone service in rural areas. Is it not the purpose of this bill to help all people who do that?

Mr. SUTTON. That is correct.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. ALBERT. That simply gives first priority to those who are operating at the time of the effective date of this act.

Mr. YATES. Where does it say that?

Mr. ALBERT. It says to give preference to persons "providing telephone service." That is in the present tense. It was put in for that express purpose. All the telephone companies came before the committee and requested it saying that the language as previously written did not give first priority to those who are now in the business. They said the sequence of language used in the bill indicated the order of preference. So we took those who are now giving telephone service and put them first on the list to make no mistake about the fact that top priority would be given to those companies, associations, and individuals in the business furnishing rural telephone service at the time of the effective date of the act.

Mr. YATES. If the gentleman will yield further, I would like to point out that that is not what the language says. The language says, "shall give preference to persons providing telephone service in rural areas." My understanding of the law is that the term "persons" includes public bodies, cooperatives, nonprofit institutions, and others as well. So that it is intended by this law that all persons who give telephone service in rural areas are to be given the benefits of this act. I think some clarifying language should be inserted, if that was the intention of those who drafted the bill, to give those private existing services preference.

Mr. ALBERT. The word "persons" includes every agency or individual that the gentleman has mentioned. It only distinguishes as between those who are giving it at the time the act becomes effective, and those who come into the picture later on.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. SUTTON] has expired.

Mr. YATES. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. YATES. Will the gentleman yield further?

Mr. SUTTON. I yield.

Mr. YATES. Is it the intention of the committee, then, that private industry providing telephone service shall be given preference, or is it the intention of the committee that all persons providing that service shall be on a par?

Mr. ALBERT. All persons, including individuals, private companies, and everyone.

Mr. SUTTON. Mr. Chairman, I have no desire whatsoever to ruin this bill. I am for rural electrification and I am for rural telephones. This idea that some have advocated today, that there is some feeling toward some member of the Committee on Agriculture, or something—I do not believe such a thing exists in the House, to the extent that they would vote against a bill because of a personality.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. McCORMACK. There is nothing to that except that many of us are hopeful that some of our good friends will see the lightning by our very broad concept of our duty.

Mr. SUTTON. I thank the gentleman. I voted for rent control when it hurt me in my district. I voted for the housing bill when it hurt me in my district. I voted to repeal the Taft-Hartley law when it hurt me in my district. I knew my country needed it. So, perchance, my distinguished majority leader and others will look on this national program like I am on this telephone bill. It is a national need. Perhaps it affects my district more than it does the district of the distinguished majority leader, or other districts. The distinguished majority leader believes in national policies like I do. As a result, he votes to help other districts just as I try to do, the same thing.

I do not believe the House of Representatives will do otherwise. Our great majority leader is our leader. He leads us along that line. I am offering this amendment, when the proper time comes, to strike out this provision, to try to help the co-ops throughout the country and try to help the farmers to get telephones, because private concerns up to date have not put telephones in the remote areas. If you give them this 6 months' preference to borrow all the money they can get, we will not get any more telephones in those remote areas than we have today. I hope that when this amendment is offered it will be agreed to, because I am trying to provide more telephones in the remote areas of the United States.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. YATES. In view of what the gentleman from Oklahoma has said to me, that it is the intention of the committee to give this preference at the present time to those who furnish the service, I am inclined to agree with the gentleman from Tennessee that there is no further need to give an additional 6 months' preference to those already giving the service.

Mr. SUTTON. That was my idea in the Committee on Agriculture. They have priority and they do not need this additional 6 months to be the only ones who can apply for this money.

I hope that when this amendment is presented it will be adopted and we will straighten out this bill.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield.

Mr. COOLEY. Is it not a fact, however, that without this provision in the bill, private companies would not, in all probability, get any loans at all, by authority of the bill, because the co-ops would then come in and make application for all the available money, and the private companies would be left entirely out of the picture.

Mr. SUTTON. My interpretation to the chairman of my committee is found on page 3, lines 22, 23, 24, and 25:

*Provided, however, That the Administrator, in making such loans, shall give persons providing telephone service in rural areas.*

That means that existing companies already have the preference.

Mr. COOLEY. That is right. Suppose a private company were perfectly willing to provide the service?

Mr. SUTTON. They would still be given preference.

Mr. COOLEY. Not unless they were already in the area, serving the area.

Mr. SUTTON. Under this provision on page 4, no person, no concern, no co-op could even apply for a loan within 6 months; your existing companies would have priority. No one else could apply for them.

Mr. COOLEY. That is what the committee intended, to give an exclusive right to private companies for the first 6 months.

Mr. SUTTON. That is why I disagree as to that provision.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

WHOSE OX IS BEING GORED NOW?

Mr. MULTER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Chairman, through most of this session we have heard much of the legislation that was offered attacked as socialistic, communistic, and sectionalistic. We have also heard attacks on subsidies to business.

Today I sat back and listened with considerable amusement to some of the men who shouted loudest about socialism and communism taking over our country if we enacted some of the bills that we passed. Some of these were the same voices that were raised against big-city legislation that this Congress has passed at this session. The exhibition of mental agility was fascinating to say the least, as these men established to their own satisfaction, that there was nothing sectionalistic, communistic, or socialistic about passing this bill to aid the establishment of a good rural telephone system in our country, and that Government aid to private enterprise to accomplish that purpose was not improper subsidization. I could easily bring myself to vote against this bill if I cared to adopt any of the puerile arguments urged against extension of rent controls and enactment of a slum clearance and public housing program.

Despite the fact that there is not a single farm in my district, nor, so far as I know, a single absentee farm owner living there, I will support this bill. I do so because I think it is a good bill and accomplishes for a part of the country something that the farmers need. I do it knowing that the largest part of the funds must come from the urban areas. It matters not whose ox is gored. I will cast my vote for or against legislation by determining what I think is good for



the country, knowing that what helps a part of the country helps all of the country.

Mr. JENNINGS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, we all have in mind the same objective; we are not out to tomahawk privately owned telephone companies; we are not out to hurt anybody; we are out to do the greatest good to the greatest number. I have in mind certain areas that are served by privately owned telephone companies. If they will extend their lines and render the people service by continuing and by extending lines under this proposed act then the people will have good service and we shall not have hurt private industry. On the other hand, I have a large area in my district served by a little company that is not affiliated with the Southern Bell Telephone & Telegraph Co. All in the world they want for this first 6 months' is an opportunity to take advantage of the loans that are obtainable under this act, and they will serve their people. So if you leave this language as it is in the bill, it has been carefully worked out by men who are interested in the public good, all will be well. It is not an easy matter to decide the proper thing to do about an amendment that is suddenly offered on the floor to a measure that has been carefully studied and drawn by good men and drawn in a manner that I believe will attract the most support from the membership of this body and render the greatest good to the people who are to be served. I hope that we do not hastily disturb the conclusion to which this fine body of men comprising this committee has come.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this legislation to provide rural telephone service, with some assistance from the Government, appeals to me. I am heartily in favor of it. The need is very acute and means much to the improvement of the standard of living of the rural population involving as it does improved business contacts and much real joy and happiness to the home life of the countryside.

I have been impressed with the extreme pleasure and great benefit that comes to a family from installation of rural phones and rural electricity. I own a very good average farm of 330 acres which is adjacent to the city of Charlotte, N. C., where I live. The farm is located about 12 miles from Charlotte and is a better farm than I am entitled to own. In other words, it is a better farm than I am a farmer, inasmuch as I have spent the major part of my life practicing law. But I get a lot of pleasure out of the farm and do not lose too much money in my operations each year.

There is one real experience of genuine satisfaction that has come to me from my agricultural efforts the last few years. To wit: The revelation of what rural telephones and electricity, including radios, can bring to the lives of those good, hard-working, earnest farmers who produce our necessary farm products throughout the years. About 4 years ago

I realized what the workers on my farm were missing and that I was really negligent in not providing rural electricity and telephones for them. I did this at a relatively small cost and the result has been a genuine satisfaction to me which transcends the financial expenditure incurred.

I was at my farm last week end and was touched with the satisfaction of these good citizens. The radio was running, the telephone was ringing, and electricity incidental to farm life had really transformed the lives of my tenants, added to their efficiency, and saved them much physical labor. There were still the chickens, guineas, ducks, horses, calves, pigs, and other features that have always made farm life most attractive. So, with the additional benefits that have been added by way of electricity and telephone, I really felt that they were living on a better plane than I in the city of Charlotte and that I would improve my status by moving to the farm.

I am ashamed to say that my native State of North Carolina is very far behind in rural telephones, although we have the second greatest number of farms in any State in the Union. Texas, of course, is first with its very much larger area than the Tarheel State. North Carolina has 287,412 farms. Texas has 384,977 farms. North Carolina has only 14,539 people reporting telephones, which is just 5.1 percent of the population. Whereas, some of the States, like Illinois, run as high as 60.7 percent of the population. So, I hope that our people in North Carolina will take advantage of the opportunity provided by the passage of this bill, which I predict will pass, and greatly add to the number of telephones in our State, which is also true of many other States, especially in the South.

The terms are most reasonable—only 2 percent over a period of 35 years, to be loaned by the Rural Electrification Administration in the same efficient manner as the electrical installations have been handled, which have resulted in the extension of electricity to more than 4,000,000 rural customers who enjoy the blessings of this service at a very reasonable price. The loans will be made not only to individuals, but to independent telephone companies which need assistance in the extension of service to rural homes. The loans will be so handled by the REA that it will not provide any unnecessary competition in rendering its services to any particular community or communities. It should not be necessary, and I am satisfied that the REA will manage the extension in such a way as to prevent any unfair competition which is most essential to a successful operation under the provisions of this bill.

In briefly investigating this bill, may I quote a statement made by the Honorable Charles F. Brannan, Secretary of Agriculture, before the subcommittee of the House Committee on Agriculture at one of its hearings on this important subject:

Ever since you have been talking, Mr. Chairman, and some other people have been talking, about a rural telephone bill, we in the Department of Agriculture have been ex-

tremely interested in it. We have been most anxious to see whether or not such a plan would be feasible and how it could be carried on with a minimum amount of expense and the least amount of administrative structure. We are certainly most anxious to contribute whatever we can to the success of whatever legislation the committee may finally recommend to the floor and would ultimately become law.

I do not think I should take the time of the committee this morning to recite the important arguments in favor of such legislation. I know they have been ably stated by Claude Wickard when he was over here and I am sure the Administrator of the REA and I know, they are being ably stated right now to the committee by Mr. Ellis and many other witnesses.

I would like to say to you this morning that we in the Department of Agriculture, and I personally, are very strongly in favor of some move in the direction of bringing to the rural people of this country equality and parity of living opportunities along with the rest of this Nation. Of all the items, it seems to me, to which farm people are entitled—perhaps entitled is not the correct word, but it is essential to giving them an opportunity to enjoy the standard of living which the rest of the people in this country are enjoying—one of the most important is telephone service.

Certainly they are even more in need of it than people who live in densely populated or semidensely populated communities. There the access to the facilities and to medical assistance and emergency types of assistance of all character is within shouting distance and can be reached in very short order by foot or by word of mouth. Out in the farm areas of this country there are many times that emergencies arise, which, without the aid of some quick means of communication, turn a simple accident into a very serious one and perhaps in some cases a fatality results.

In conclusion, I earnestly urge the passage of this bill for improved rural telephone service, knowing of what real value it will be to the rural life of America.

Mr. HORAN. Mr. Chairman, I am in favor of this bill and will, of course, support the pending amendments which will give ample protection to privately owned, independent telephone services. I could not adequately serve my own great State of Washington were I not for this bill. Ninety-three and five-tenths percent of the 79,887 farms in the State of Washington—according to the farm census of 1945—are electrified. However, the same census indicates that only 44.4 percent of the same number of farms have telephone service. In fact, the number of farms without telephones exceeds the number of farms in the State of Washington with telephones by almost 10,000. In other words, 35,502 farms have telephones, while the big total of 44,385 are without telephones. Nor has the situation improved very much since the 1920 census. That was a period of great farm prosperity and at that time 42.2 percent of the total farms in the State then had telephones. In 1945, 25 years later, the percentage has increased only 2.2 percent. I suggest that this percentage of rise in 25 years is eloquent. It points graphically to the fact that we have made small progress in the important field of rural communications.

Mr. SMITH of Ohio. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, this measure, H. R. 2960, provides for further encroachment by the Federal political authority upon freedom and private enterprise. Socialism marches on.

The Clerk read as follows:

SEC. 2. The Rural Electrification Act of 1936 is amended by inserting at the beginning thereof the caption: "Title I."

SEC. 3. Section 2 of the Rural Electrification Act of 1936 is amended by inserting after the word "service" the words "and for the purpose of furnishing and improving telephone service in rural areas"; and by inserting after the words "electrification of" the words "and the furnishing of adequate telephone service in."

SEC. 4. (a) Subsection (a) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the words "or systems" the words "and for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of facilities to render telephone service."

(b) Subsection (c) of section 3 of the Rural Electrification Act of 1936 is amended by striking out the words "for the purposes of this act" and by inserting in lieu thereof the words "for loans for rural electrification pursuant to sections 4 and 5 of this title."

(c) Subsection (d) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the words "available for" the words "rural electrification."

(d) Subsection (e) of section 3 of the Rural Electrification Act of 1936 is amended by inserting after the word "sums" in the proviso the words "for rural electrification loans."

(e) Section 4 of the Rural Electrification Act of 1936 is amended by inserting after the words "to make loans" the words "for rural electrification."

(f) Section 7 of the Rural Electrification Act of 1936 is amended by inserting after the words "section 4" in the second paragraph thereof the words "or section 201 of this Act."

SEC. 5. The Rural Electrification Act of 1936 is further amended by adding the following new title:

#### "TITLE II

"SEC. 201. From such sums as are from time to time made available by the Congress to the Administrator for such purpose, pursuant to section 3 of the Rural Electrification Act of 1936, as amended, the Administrator is authorized and empowered to make loans under the same terms and conditions as are provided in section 4 of said act, for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telephone service in rural areas: *Provided, however,* That the Administrator, in making such loans, shall give preference to persons providing telephone service in rural areas, and in public bodies, cooperative, nonprofit, limited dividend, or mutual associations: *And provided further,* That for 6 months from and after the effective date of this act, no applications for loans shall be received by the Administrator except from persons who on the effective date of this act are engaged in the operation of existing telephone service in rural areas. The Administrator in making such loans shall, insofar as possible, obtain assurance that the telephone service to be furnished or improved thereby will be made available to the widest practicable number of rural users. When it is determined by the Administrator to be necessary in order to furnish or improve telephone service in rural areas, such loans may be made for the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems without

regard to their geographical location. Loans under this section shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed.

"SEC. 202. Nothing contained in this act shall be construed to deprive any State commission, board, or other agency of jurisdiction, under any State law, now or hereafter effective, to regulate telephone service which is not subject to regulation by the Federal Communications Commission, under the Communications Act of 1934, including the rates for such service.

"SEC. 203. As used in this title, the term 'telephone service' shall be deemed to mean any communication service whereby sounds, signals, signs, writing, or pictures of all kinds are transmitted or received with the use of electricity, including but not limited to wire, wireless, or wire carrier transmittal and reception, and shall include all telephone lines, facilities, or systems used in the rendition of such service; but shall not be deemed to mean telegraph services or facilities, or radio broadcasting services or facilities within the meaning of section 3 (o) of the Communications Act of 1934, as amended."

Mr. POAGE (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendment.

The clerk read as follows:

Committee amendment:

Page 4, line 18, after the word "agreed", insert the following: "nor shall such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless such certificate from such agency is first obtained."

Mr. GATHINGS. Mr. Chairman, I offer an amendment to the committee amendment.

The clerk read as follows:

Amendment offered by Mr. GATHINGS: On page 4, line 18, after the word "agreed", strike out the remainder of the sentence through line 23 and insert in lieu thereof the following: "nor shall any such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service unless upon a finding made by such regulatory body that such loan will be in the public interest with respect to the development of telephone service in the community or area to be served."

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Is the gentleman's amendment offered as a substitute for the committee amendment?

The CHAIRMAN. The Chair would so understand, the way it is prepared.

Mr. GATHINGS. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GATHINGS. Mr. Chairman, I offered the amendment when we reached the point where the Clerk stopped reading. I sent it to the desk a few moments ago. I am not attempting to substitute

for any language that the gentleman in charge of the bill proposes.

The CHAIRMAN. The Chair would say that it is a proper substitute for the committee amendment.

Mr. JENNINGS. Mr. Chairman, a point of order.

Mr. CHAIRMAN. The gentleman will state it.

Mr. JENNINGS. The amendment that the gentleman now offers is in substance the same as the committee amendment which has just been read, and which I understand was adopted.

The CHAIRMAN. The gentleman from Arkansas had the right to offer his substitute. He was on his feet at the time.

Mr. GATHINGS. Mr. Chairman, I offer this amendment to bring out the very conclusions, in my judgment, that the Committee on Agriculture attempted to write into this bill when we read this bill for amendment in committee. It differs quite a bit from the amendment offered by the gentleman from Texas as a committee amendment. My amendment differs in that it would cover all of the 44 States that have State regulatory bodies having authority to issue certificates or who have authority to make loans to cooperatives. There are 4 States in this Union that have no State regulatory bodies whatever. The amendment actually written into the bill by the committee covers only 14 States of the Union, namely, Arkansas, California, Colorado, Maryland, Minnesota, New Hampshire, North Dakota, West Virginia, Wyoming, Alabama, Ohio, Oklahoma, North Carolina and Wisconsin. I am of the opinion that the amendment offered by the committee a moment ago applies only to 14 States of the Union. My amendment strikes out the words "convenience and necessity" and provides that it shall cover 44 States, all States in the Nation that do have such regulatory bodies.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Colorado.

Mr. CARROLL. Does the gentleman know of any reason why the committee drafted this amendment to include only 15 instead of 44 States?

Mr. GATHINGS. I know of no action taken by the Committee on Agriculture on the amendment offered by the gentleman from Texas. I was not advised that the committee ever anticipated considering this specific amendment. When the original language of the bill was voted on it was the opinion of the committee that all 44 States would be included.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Illinois.

Mr. YATES. With respect to the amendment offered by the committee and the gentleman's own amendment, what would be the effect of such amendments on States such as the one from which I come, where municipal corporations and cooperatives are not covered by regulation by a State regulatory body? As I understand the language of this amendment, it would require cooperatives and



municipal corporations which do not now have to go to the State regulatory commission for approval of their service or any branch of that service to come to the State regulatory agency in order to get approval for any loan, as I understand it, under the form of both amendments.

Mr. GATHINGS. The amendment offered by the gentleman from Texas uses the words "convenience and necessity," and applies, as I said, to 14 States. If you strike out the words "convenience and necessity" and adopt my amendment you would reach all 44 States that have regulatory bodies. There are only 14 States in the Nation that have authority to issue certificates of convenience and necessity to cooperatives. By using the words "convenience and necessity," as included in the amendment offered by the gentleman from Texas [Mr. POAGE], you narrow it down to 14 States. My amendment would let it be a real States rights amendment and let them go back to the States and have the State regulatory bodies pass on the applications.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Would not the gentleman's amendment put the Congress in the position of requiring a State to take certain action, charging the State with certain responsibility, which is beyond the scope of our legislative process?

Mr. GATHINGS. I disagree with the gentleman from Oklahoma. We just say that the State itself shall pass on it. The State has a better opportunity to appraise the situation. The agency is there for that purpose. This language is not going beyond the scope of the legislative prerogatives of Congress. It sets no precedent in that respect.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GATHINGS. I yield to the gentleman from North Carolina, the chairman of the Committee on Agriculture.

Mr. COOLEY. Suppose there is no regulatory body in the State, who then would be charged with the responsibility of making the decision to the effect that the application was in the interest of the general welfare?

Mr. GATHINGS. Under the terms of the bill, the people in those four States could make their applications to Washington until such time as those four States should pass legislation setting up such a body.

Mr. COOLEY. I did not have reference to the bill. I understand the bill. I am asking the gentleman, under his language, who would be charged with that responsibility?

Mr. GATHINGS. The amendment would in no wise affect States that do not have such State agencies. In those four States the Administrator of Rural Electrification would have the power to pass on all applications. My amendment could not give powers to a nonexistent State department.

I feel that the authority to pass on these applications is a State function. In this amendment we leave it up to the State body to make the determination whether the extension of the lines in any

locality is in the public interest. Congress has frequently utilized a State agency to administer Federal legislation. Under the Federal Motor Carriers Act of 1935 joint bodies were set up consisting of Federal and State and authorized by this Federal act to hear applications for certificates of convenience and necessity.

In road legislation which Congress enacts we write into the law that the State must match the funds dollar for dollar. This is nothing new. I trust that you will adopt this States' right amendment which will apply to all States that have provided agencies within their borders.

Mr. THOMPSON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMPSON. Mr. Chairman, I do not believe that anyone could represent a rural district and not favor the rural telephone legislation. I have listened with a great deal of interest to both sides of the debate this afternoon. I do not question the sincerity of those who are opposed, but I do observe that for the most part, they include men who have never lived out of reach of a telephone and a light switch. As a matter of fact, I doubt if very many of them ever drove an automobile on a muddy road. They simply do not know what they are talking about and they have not the slightest conception of the problem for which we are trying here today to find a solution.

The cry of socialism has been raised against the measure. That is always the first yell of the reactionary. It was raised against the first proposal to let the Federal Government do some harbor work. This was way back in the early years of the last century. It has been raised every time that anyone has tried to do something for the common man.

During the depression years, the Republican Administration, then in power, initiated the Reconstruction Finance Corporation for the purpose of bailing out some of the great financial institutions of the country. Millions and millions of dollars were poured into these institutions and most of them were saved. There was then no objection to Government participation. However, the depression was not cured, and this same Reconstruction Finance Corporation had to make some loans to smaller enterprises and finally to individuals—poor people who were out of work and going hungry. Then the cry of socialism was raised.

Agriculture was in a desperate condition. Those of us from the South remember very well 5-cent cotton. When the Democratic administration took the necessary steps to place agriculture on a parity with other important factors of our economy, the cry of socialism was again heard.

It was raised against the Rural Electrification Administration—the parent organization which will administer the rural telephones.

In the early days, the power companies objected to the Rural Electrification Administration. Today, so far as I know

they do not object at all and they regard the local co-ops as good customers. So, I cannot become too upset by the cry of socialism that is raised against the rural telephone proposal. It is not socialism at all. It is merely making available to the private operators of telephone exchanges the funds necessary to extend their lines into the back country areas which are not now being served. The Government is not going into the telephone business. It may advance the money to project the lines, but it will do so only after the most rigid investigation and upon satisfactory assurance that the new system will ultimately repay the loan and remain self-supporting.

I hope the measure will pass and if after it does my friends from the big cities have any doubt in their minds that it is a valuable measure, let me suggest that they convince themselves, by a very simple experiment, that these telephones are necessary and that if they themselves were in the places of our constituents they, too, would be in favor of them. Now, this is the experiment I wish they would perform:

Just disconnect the telephone at home and insist that wives and families live without its convenience for a period of 48 hours. Then, let them picture living without a telephone way off in the country. Suppose it was raining and the roads were impassable and one of the kids took sick. Suppose somebody cut an artery or had an acute attack of appendicitis. It would not be very nice living that way. Thousands of my people do. For us to put a helping hand under the elbow of each one of these is no more going to make Socialists of them than did rural electrification. On the contrary, this will simply be one more move toward making more secure that most essential backbone of our democratic way of life—the family farm.

Mr. HOPE. Mr. Chairman, I offer a perfecting amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE amending the committee amendment, by adding at the end thereof the following on page 4, line 23: "In a State in which there is no such agency or regulatory body legally authorized to issue such certificates to the applicant the Administrator shall determine, and his determination shall be final, that the loan sought to be obtained will not result in the duplication of telephone service to subscribers who are already receiving adequate and reliable telephone service."

Mr. HOPE. Mr. Chairman, this amendment is offered as a perfecting amendment to the committee amendment for the purpose of setting up in those States which do not have regulatory commissions, with authority to issue certificates of convenience and necessity, some method by which it can be determined that existing service which is adequate and reliable will not be duplicated. I take it that is what the gentleman from Arkansas is trying to do by his amendment, but I think he is going at it in the wrong way.

In the first place, as was said by the gentleman from Oklahoma in his interrogation of the gentleman from Arkansas, Congress is telling the States that

they must have their regulatory commissions assume powers which the State laws of those States do not give those commissions and must make determinations which they are not authorized to make by the laws of their own States. I submit that is a matter for the States themselves to determine. After we pass this legislation, if the State legislatures of any of these States think that there should be authority given the State commissions to deal with this subject, then, of course, it will be the right and prerogative of the State legislatures to do that.

But my amendment to the committee amendment, if adopted, takes care of the situation, I think, in a perfectly satisfactory way and takes care of the entire matter with respect to the possibility of duplication.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. YATES. Does not the gentleman think, however, that his purpose would be served by not adopting either the committee amendment or his amendment to the committee amendment? In that case will not the applicant assume that it is under the jurisdiction of the State regulatory body and will not such applicant be compelled to come to the State anyway for approval of either a loan or the extension of facilities? If the municipal corporation and cooperative is not under the jurisdiction of the State regulatory agency, it will not be compelled to do that. It will then only be compelled to go to the Administrator, who has the job of administering the loan.

Mr. HOPE. That will be the case under my amendment.

Mr. YATES. Well, you do not need either of the amendments, do you? If neither of them is adopted, it will still be the fact.

Mr. HOPE. My amendment, I think, answers the contention of some Members who are very serious and very conscientious, I think, in their desire to avoid the construction of duplicating lines and requires a finding to be made by the Administrator before a loan can be approved that there will not be a duplication of telephone service which is already adequate and reliable.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. COOLEY. Is it not a fact that if you eliminate the committee amendment and the gentleman's present proposal, then we would have absolutely no protection against duplication.

Mr. HOPE. That is correct.

Mr. COOLEY. And what the gentleman is doing now is trying to perfect the committee amendment so as to prevent duplication; is that not correct?

Mr. HOPE. Yes; and so as to cover the situation in those States which do not have laws requiring a certificate of convenience and necessity before construction can be undertaken.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from Colorado.

Mr. CARROLL. I would like to have the benefit of the gentleman's experience in the rural-electrification program.

What is the procedure used today when they give a loan for rural electrification? Do they have to have a certificate of convenience?

Mr. HOPE. That depends upon the State laws. In some States it is required and in others it is not.

Mr. CARROLL. Is that not left to the discretion of the Administrator?

Mr. HOPE. Yes.

Mr. CARROLL. It would seem to me that the gentleman from Illinois [Mr. YATES] makes a very good point, that if it is left in those States that are not required to have a certificate of convenience, where there are no State regulatory bodies, the Administrator would make the determination. In my State, for example, where we have the certificate of convenience and necessity, they would undoubtedly have to clear with the State regulatory body. It would seem to me that both of these amendments are confusing and conflicting, and they change the Government policy.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. COOLEY. Is not that the very purpose of the gentleman's amendment, to require the Administrator to make a determination in States that have no such regulatory body?

Mr. HOPE. Of course that is exactly the purpose of this amendment.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. HOPE] has expired.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as author of the bill, I have no right to speak for anybody else, but I think the clarifying amendment offered by the gentleman from Kansas [Mr. HOPE], accomplishes every legitimate contention of protection. The committee amendment, as now written, clearly takes care of every case where the State law now authorizes or may hereafter authorize a State commission to make a finding requiring a certificate of convenience and necessity. In those States where the local law makes provision for a certificate, it is taken care of by the committee amendment. By the amendment offered by the gentleman from Kansas, in those States where the States have not seen fit to impose upon any State regulatory body such powers, we say that the Administrator of REA shall make the determination that the prospective construction would not result in undue duplication.

This Congress has the power to place duties on the Administrator of REA, but this Congress has no power to add additional duties, responsibilities, or rights to the regulatory bodies of the several States. The State of Tennessee, the State of Arkansas, the State of Kentucky, or any of the rest of them, has the right to establish for itself the kind of regulatory body that State wants, and impose upon those regulatory bodies such rights and powers as the State legislatures see fit. No action by this Congress can either add to or detract from the powers possessed by such a regulatory body. But we do say in this amendment that in the event a State does not see fit to make any provision for a find-

ing in regard to the question of necessity, then the Administrator must make a finding, and we say that his finding must be conclusive, because you must have finality to these things.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. GORE. Do I understand the gentleman to say that the committee amendment makes no material change? It is merely a recognition of the fact that in any State which has a regulatory body that does require a certificate of necessity and convenience before a loan can be made, then that custom must, of necessity, be followed anyway; and the committee amendment is only a restatement of that policy; but that in the States which do not have regulatory bodies, the amendment offered by the gentleman from Kansas then steps in and takes care of that?

Mr. POAGE. That is exactly correct. This Congress cannot go to the States and say to the regulatory bodies, "You must make a finding on this subject or that." If we attempt to do that, any court in this land would enjoin them, but we can require a finding by the REA Administrator, who is our own agent.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. ALBERT. Is it not also the intention in the committee amendment that in those States in which certificates of convenience and necessity are required, where certain institutions, such as municipalities, are exempt, that the committee amendment simply gives that authority, insofar as that authority now exists, to regulate the service?

Mr. POAGE. That is exactly correct. We recognize the State law. If a State wants to require that you go to the library board to get a certificate, you must do it. Whatever the State requires, we recognize the right of the State, and we will require you to conform to the State law before you come here to ask for any money.

This is merely a lending bill; it is not a regulatory bill. It merely sets out the terms on which the REA can make loans. We say that the first of these terms is that the applicant must comply with the laws of his State.

Mr. GATHINGS. I agree with the gentleman that the amendment offered by the gentleman from Kansas would fit in right behind the amendment offered by the gentleman from Texas [Mr. POAGE]; and I think that there should not be any duplication of lines. I think that in those four States that do not have regulatory bodies that they apply to the Administrator.

Mr. POAGE. My time has expired. I just want to say that as author of the bill and as one member of the committee I accept the amendment offered by the gentleman from Kansas, and will be glad to have the membership accept it, and vote it up.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. Chairman, I will be as brief as possible. It seems to me that the amendment offered by the gentleman from



Kansas [Mr. HOPE] to the Committee amendment, will take care of the situation fully and completely; and, certainly, if that amendment is adopted it would be wholly incompatible with the amendment offered by the gentleman from Arkansas [Mr. GATHINGS]. I believe that the Gathings amendment will be almost impossible to enforce, because the courts have found it very difficult to determine just what is meant by the words "in the public interest" all the way to the Supreme Court of the United States; they have found it very difficult.

If you are going to require anybody to make that sort of determination, in my opinion, you might as well defeat this measure, because you will so burden the applicant with the necessity of obtaining decisions and perhaps resisting injunctions that you never would be able to construct a rural line.

Under the committee amendment with the Hope amendment added, if you have a utilities commission in your State that is authorized to issue these certificates of convenience and necessity to cooperative telephone companies, then that certificate must be obtained; but if no such agency exists, then the administrator is charged with the responsibility of so finding.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. JENNINGS. Let us not get our feet tangled up on this proposition. The gentleman from Kansas [Mr. HOPE], the chairman of this committee, and Mr. POAGE, in my opinion, are exactly right; they wish to have it so fixed in this act that there shall not be duplicating telephone lines to the detriment and loss of everybody concerned. If you want that, then adopt the committee amendment and then the amendment offered by the gentleman from Kansas [Mr. HOPE] and you will have accomplished the thing that all of us have in mind.

Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Arkansas.

Mr. GATHINGS. How many States does the so-called committee amendment apply to?

Mr. COOLEY. The committee amendment, plus the Hope amendment, will cover every State in the Union.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. NICHOLSON. I wish to ask this question: In case there are no regulatory bodies in a State, the Administrator or the Federal Government can step in and grant these certificates. In my State, for instance, he would be able to do that over the wishes of the people of the State.

Mr. COOLEY. No.

Mr. NICHOLSON. Does not the State legislature have to pass some law?

Mr. COOLEY. The State legislature can create a regulatory body and charge it with the responsibility of requiring certificates of convenience and necessity before the building of a line.

Mr. NICHOLSON. But if we have not one, then the Federal Administrator can step in.

Mr. COOLEY. If the Hope amendment is adopted the Federal Administrator can step in and find that there is no duplication.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. CASE of South Dakota. The situation described by the gentleman from Massachusetts can be remedied by the State legislature providing a State board to pass on it.

Mr. COOLEY. That is exactly right.

In conclusion, Mr. Chairman, I hope that the Hope amendment will be adopted, that the committee amendment will be adopted, and that the Gathings amendment will be defeated.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, first, may I state what I understand the parliamentary situation to be.

The first vote will come on the Hope amendment to the committee amendment. It is in the nature of a perfecting amendment. The second vote will come on the Gathings substitute for the committee amendment, as it then may be, either perfected or in its original form. A final vote will come on the committee amendment in whatever form it may then be.

What is the situation the bill presents without any amendment at all? Without any amendment the Administrator will be empowered to make loans in any State merely upon a finding that the security is adequate and that the loan will probably be repaid. He will not have to find that there is a need for additional telephone service, or that the public interest will be served or anything of that sort. The only thing required by the bill in this sentence under amendment is that in the Administrator's judgment the security is reasonably adequate and that such loan will be repaid within the time agreed upon.

The committee amendment adds to that requirement by saying that if a State has a law that its board shall make a finding of convenience and necessity then the Administrator may not make a loan in such States until that board has made that finding of convenience and necessity. This seems desirable as far as it goes.

This would leave some States, however, without the necessity of any finding and without the Administrator making any finding in addition to this original finding of the adequacy of the security.

The Hope amendment therefore proposes to add to the committee amendment the proviso that in those States where a State board does not have this obligation under State law, the Administrator himself shall be required to find that in addition to adequate security there will be no duplication where reasonably adequate service exists. That amounts to a finding of convenience and necessity and is obviously desirable where a State does not itself make such a requirement.

The substitute amendment offered by the gentleman from Arkansas would require in lieu of either of these conditions that in any and all States a State board

should make a finding of public interest before a loan could be made.

In those States where the States do not have such a requirement, it would be a mandatory directive from the Federal Government superimposed upon the State. That may be beyond our powers and in any event is objectionable in principle. Not only that, but in those States where the set-up of the State board is such that it has no machinery for public hearings or no fund to conduct public hearings, the people would be helpless and would not be able to get any loan under this act.

Unless the State boards have the machinery and the means to conduct hearings and to make a finding of public interest, the people could be left helpless under the amendment offered by the gentleman from Arkansas.

It seems to me it is important, if you want to insure that there will not be duplication and that no injury will be done to existing lines, many of them mutual cooperative lines, that we should adopt the amendment offered by the committee with the perfecting amendment offered by the gentleman from Kansas [Mr. HOPE]. Bear in mind the vote on the Hope amendment will come first. Vote for that amendment, then vote down the substitute, then vote for the committee amendment as perfected.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Minnesota.

Mr. O'HARA of Minnesota. I notice in the Hope amendment that the words "reliable service" are used. I wonder what that means?

Mr. JENNINGS. That is when you ring the bell and get the fellow you want to talk to.

Mr. CASE of South Dakota. The gentleman from Tennessee is both quick and correct as usual.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. If the committee amendment is adopted and the Hope amendment to the committee amendment is not adopted, would there not be a serious question whether or not any loans could be made in certain States?

Mr. CASE of South Dakota. I think that is a possibility. The danger would be even greater under the substitute amendment standing alone. Under that if a State failed to act, the Administrator's hands would be tied.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I had not intended to speak on this bill, but at this point I find myself quite confused. The gentleman from Ohio [Mr. SMITH], who is an expert on socialism, says this bill is socialistic. The gentleman from Texas [Mr. POAGE], whom I also recognize is an expert on socialism, says it is not. However, the gentleman from Texas contended that Government housing was socialism. Now, what I wonder is, do we have two brands of socialism? Do we have urban socialism and rural socialism? I happen to be a farmer, and my

district is about equally divided between urban population and rural population, and I sincerely believe that we need some sort of legislation to enable the farmer in this day and age to have a telephone. Farming has become mechanized, and if a tractor or a machine breaks down and the farmer has to drive 20 miles to get a part and finds that he cannot get it, he is at a tremendous disadvantage. He has lost valuable time. If he had had a phone, he could have called and saved the trip and the time.

I want to be fair about this thing. I do not want to vote for a so-called socialistic proposition like housing for my urban constituents and vote against an alleged socialistic proposition for my rural constituents. Again I wonder whether we have two brands of socialism. Is it socialism when you are against it and not socialism when you are for it?

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Pennsylvania.

Mr. GREEN. It might be a good idea for the gentleman to advise some of the members of the committee that we have to have houses to put telephones in.

Mr. HAYS of Ohio. Well, I thought of that. That is a very good statement. I would like to put some of the socialistic telephones in some of these socialistic houses we are going to build. We might as well be consistent about this thing. Consistency is a virtue, and I want to be virtuous.

I would like to point out to my more conservative southern brethren that a little consistency on their part might help. Let them not only be for something when it helps the South. Let them think of the country as a whole including the North. I will alleviate the suspense of the gentleman from Texas, the author of this bill, and tell him I will not be narrow and hold his inconsistency against him. I will vote for his bill because I believe as I believed about the housing bill, that it is good for the whole country.

Mr. STEFAN. Mr. Chairman, I ask unanimous consent that the Hope amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Hope amendment was again read.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the committee amendment and all amendments thereto do close in 15 minutes.

Mr. YATES. Mr. Chairman, reserving the right to object, I think that this particular amendment establishes a new policy if it becomes law, and I, for one, am constrained to object unless there is much greater consideration being given to it.

Mr. COOLEY. Mr. Chairman, I move that all debate on the committee amendment and all amendments thereto close in 15 minutes.

The question was taken; and on a division (demanded by Mr. YATES) there were—ayes 130, noes 21.

So the motion was agreed to.

XCV—588

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD and include an editorial.

#### COMMITTEE ON AGRICULTURE

Mr. PACE. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a report on the bill H. R. 29.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

#### COMMITTEE ON EDUCATION AND LABOR

Mr. KELLEY. Mr. Speaker, I ask unanimous consent that the subcommittee of the Committee on Education and Labor may sit during general debate during this week.

The SPEAKER. Is there objection to the gentleman from Pennsylvania?

There was no objection.

#### EXTENSION OF REMARKS

Mr. GREEN asked and was given permission to extend his remarks in the RECORD and include a speech made by the gentleman from Pennsylvania [Mr. DAVENPORT].

Mr. RABAUT asked and was given permission to extend his remarks in the RECORD and include a letter.

#### GENERAL LEAVE TO EXTEND

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to revise and extend their remarks on the pending rural telephone bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### EXTENSION OF REMARKS

Mr. HORAN asked and was given permission to extend his remarks in the RECORD.

Mr. VELDE asked and was given permission to extend his remarks in the RECORD.

Mr. NIXON (at the request of Mr. VELDE) was given permission to extend his remarks in the RECORD.

#### AIRPLANE ACCIDENTS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I have today introduced a resolution calling for an investigation and research into the accidents, or the causes of accidents, and especially looking for

sabotage on the five planes that crashed or nearly crashed within the last 5 days, which undoubtedly would have crashed if they had not been able to turn back to land.

In addition there is the case of the plane that crashed in Bombay, India, carrying down and killing 44 persons including many newspapermen and women and commentators whom we have known. The matter should be investigated at once. I hope the House will take early action on my resolution.

#### EXTENSION OF REMARKS

Mr. SHORT asked and was given permission to extend his remarks in the RECORD and include two brief newspaper articles.

#### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mrs. NORTON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 578. An act for the relief of Carlton C. Grant and others;

H. R. 599. An act for the relief of Victor R. Browning & Co., Inc.;

H. R. 2737. An act to establish the Medal for Humane Action for award to persons serving in or with the armed forces of the United States participating in the current military effort to supply necessities of life to the people of Berlin, Germany; and

H. J. Res. 287. Joint resolution extending section 1302 (a) of the Social Security Act, as amended, until June 30, 1950.

The SPEAKER announced his signature to an enrolled bill and a joint resolution of the Senate of the following titles:

S. 70. An act to make effective in the District Court for the Territory of Alaska rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States; and

S. J. Res. 114. Joint resolution to provide an increase in the authorization for the Federal National Mortgage Association.

#### ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 7 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 13, 1949, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

757. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated February 28, 1949, submitting a report, together with accompanying papers and an illustration on a review of reports on the Mississippi River between the Missouri River and Minneapolis, Minn., harbor facilities opposite Hamburg, Ill., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on September 16, 1946 (H. Doc. No. 254); to the Committee on Public Works and ordered to be printed with two illustrations.



758. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated December 29, 1948, submitting a report, together with accompanying papers and an illustration, on a review of reports on the White and Arkansas Rivers with reference to the Grand Prairie region, Arkansas, requested by a resolution of the Committee on Flood Control of the House of Representatives, adopted on December 18, 1945 (H. Doc. No. 255); to the Committee on Public Works and ordered to be printed with an illustration.

759. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated February 28, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on Biloxi Harbor, Miss., with a view to providing a channel to deep water in Mississippi Sound along the east side of Deer Island and with a view to providing a channel to Ott Bayou from the channel leading to Back Bay, requested by resolutions of the Committee on Rivers and Harbors, House of Representatives, adopted on October 21, 1938, and February 11, 1941 (H. Doc. No. 256); to the Committee on Public Works and ordered to be printed with an illustration.

760. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated June 3, 1949, submitting a report, together with accompanying papers and an illustration on a review of reports on the Mississippi River harbor facilities at Rock Island, Ill., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on September 18, 1945 (H. Doc. No. 257); to the Committee on Public Works and ordered to be printed with an illustration.

761. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated May 19, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on Tampa Harbor, Fla., submitted in response to a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on March 21, 1945 (H. Doc. No. 258); to the Committee on Public Works and ordered to be printed with an illustration.

762. A communication from the President of the United States, transmitting supplemental estimates of appropriation for the fiscal year 1950 and prior fiscal years in the amount of \$194,514,857.38, and proposed rescissions in the amount of \$31,300,000, together with certain proposed provisions pertaining to existing appropriations (H. Doc. No. 259); to the Committee on Appropriations and ordered to be printed.

763. A letter from the Acting Secretary of Commerce, transmitting a certification by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair of damages caused by the United States Army Air Forces at the Memphis Municipal Airport, Memphis, Tenn., in the amount of \$112,174; to the Committee on Interstate and Foreign Commerce.

764. A letter from the Acting Secretary of Commerce, transmitting certifications by the Administrator of Civil Aeronautics of the cost of rehabilitation and repair of damages caused by the United States military forces at certain public airports; to the Committee on Interstate and Foreign Commerce.

765. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal, and lists or schedules, or parts of lists or schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

766. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated

February 3, 1949, submitting a report, together with accompanying papers and an illustration, on a review of reports on Bayfield Harbor, Wis., requested by a resolution of the Committee on Rivers and Harbors, House of Representatives, adopted on February 6, 1945 (H. Doc. No. 260); to the Committee on Public Works and ordered to be printed with one illustration.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HERLONG: Committee on Post Office and Civil Service. H. R. 87. A bill relating to the promotion of veterans of World War II in the field service of the Post Office Department; with an amendment (Rept. No. 1010). Referred to the Committee of the Whole House on the State of the Union.

Mr. GRAHAM: Committee on the Judiciary. House Joint Resolution 2. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; with an amendment (Rept. No. 1011). Referred to the House Calendar.

Mr. LYLE: Committee on Rules. House Resolution 280. Resolution providing for the consideration of the bill (H. R. 4708) to amend the United Nations Participation Act of 1945; without amendment (Rept. No. 1012). Referred to the House Calendar.

Mr. KILDAY: Committee on Armed Services. H. R. 540. A bill to provide terminal leave pay for certain officers of the Navy and Marine Corps, and for other purposes; with an amendment (Rept. No. 1013). Referred to the Committee of the Whole House on the State of the Union.

Mr. KILDAY: Committee on Armed Services. H. R. 4050. A bill to authorize advances in pay to personnel of the Army, Navy, Air Force, and Marine Corps upon permanent change of station, and for other purposes; with an amendment (Rept. No. 1014). Referred to the Committee of the Whole House on the State of the Union.

Mr. DEGRAFFENRIED: Committee on Armed Services. H. R. 5238. A bill to authorize the adjustment of the lineal positions of certain officers of the naval service, and for other purposes; with an amendment (Rept. No. 1015). Referred to the Committee of the Whole House on the State of the Union.

Mr. KILDAY: Committee on Armed Services. S. 1639. An act to amend section 1452, Revised Statutes, relating to Presidential action on the proceedings and decisions of Navy retiring boards; without amendment (Rept. No. 1016). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 28. Concurrent resolution favoring the suspension of deportation of certain aliens; with an amendment (Rept. No. 1017). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 29. Concurrent resolution favoring the suspension of deportation of certain aliens; without amendment (Rept. No. 1018). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 31. Concurrent resolution favoring the suspension of deportation in certain cases; without amendment (Rept. No. 1019). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 32. Concurrent resolution favoring the suspen-

sion of deportation of certain aliens; without amendment (Rept. No. 1020). Referred to the Committee of the Whole House.

Mr. CLEMENTE: Committee on Armed Services. H. R. 5508. A bill to amend the Army and Air Force Vitalization and Retirement Equalization Act of 1948; without amendment (Rept. No. 1021). Referred to the Committee of the Whole House on the State of the Union.

Mr. RIVERS: Committee on Armed Services. S. 1742. An act removing certain restrictions imposed by the act of March 8, 1888, on certain lands authorized by such act to be conveyed to the trustees of Porter Academy; without amendment (Rept. No. 1022). Referred to the Committee of the Whole House.

Mr. BURLESON: Committee on Foreign Affairs. H. R. 4022. A bill to extend the time for commencing the construction of a toll bridge across the Rio Grande at or near Rio Grande City, Tex., to July 31, 1950; without amendment (Rept. No. 1023). Referred to the House Calendar.

Mr. MORRIS: Committee on Public Lands. H. R. 4986. A bill to amend an act entitled "An act to provide for the adjustment of irrigation charges on the Flathead Indian irrigation project, Montana, and for other purposes," approved May 25, 1948; with an amendment (Rept. No. 1024). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 4762. A bill to amend title 25, section 247, of the Code of Laws of the United States of America, to empower the courts to remit or mitigate forfeitures; with an amendment (Rept. No. 1025). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 4025. A bill to transfer control over Indian tribal funds to the Indian tribes; with an amendment (Rept. No. 1026). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 29. A bill to amend the Agricultural Adjustment Act of 1938, as amended, to provide parity for tung nuts, and for other purposes; with an amendment (Rept. No. 1027). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CURTIS:

H. R. 5589. A bill to extend indefinitely the period in which title I of the Agricultural Act of 1948 shall be applicable; to the Committee on Agriculture.

By Mr. KEOGH:

H. R. 5590. A bill to amend the Nationality Act of 1940 with respect to the naturalization of alien spouses of American citizens employed by certain international organizations; to the Committee on the Judiciary.

By Mr. KING:

H. R. 5591. A bill to amend the Social Security Act, the Internal Revenue Code, and for other purposes; to the Committee on Ways and Means.

By Mr. O'SULLIVAN:

H. R. 5592. A bill to authorize the cancellation, adjustment, and collection of certain obligations due the United States, and for other purposes; to the Committee on Agriculture.

By Mr. SHORT:

H. R. 5593. A bill to promote economy and efficiency in the National Military Establishment by reorganization of the fiscal management of the National Military Establishment; to the Committee on Armed Services.

By Mr. SPENCE:

H. R. 5594. A bill to amend the Export-Import Bank Act of 1945, as amended (59 Stat. 526, 666; 61 Stat. 130), to vest in the Export-Import Bank of Washington the power to guarantee United States investments abroad; to the Committee on Banking and Currency.

H. R. 5595. A bill to amend the National Housing Act, as amended, and for other purposes; to the Committee on Banking and Currency.

H. R. 5596. A bill to amend title IV of the National Housing Act, as amended, and to amend the Federal Home Loan Bank Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. BAILEY:

H. R. 5597. A bill to authorize the Administrator of Veterans' Affairs to sell or lease oil and gas rights in the subsurface of the land on which is situated the Veterans' Administration facility at Clarksburg, W. Va.; to the Committee on Veterans' Affairs.

By Mr. RANKIN:

H. R. 5598. A bill to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct"; to the Committee on Veterans' Affairs.

By Mr. SUTTON:

H. R. 5599. A bill to repeal so much of the Hatch Act as prohibits certain officers and employees of the Federal and State Governments and members of the armed forces of the United States from taking an active part in political management or in political campaigns; to the Committee on House Administration.

By Mr. WEICHEL:

H. R. 5600. A bill to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and natural resources within such lands and waters and to provide for the use and control of said lands and resources; to the Committee on the Judiciary.

By Mr. WOODRUFF:

H. R. 5601. A bill to authorize the exchange of certain lands of the United States situated in Iosco County, Mich., for lands within the national forests of Michigan, and for other purposes; to the Committee on Agriculture.

By Mr. KEE:

H. R. 5602. A bill to strengthen and encourage the democratic forces in China by authorizing the Secretary of State to provide for the relief of Chinese students in the United States; to the Committee on Foreign Affairs.

By Mr. O'TOOLE:

H. R. 5603. A bill to provide for the amendment of the Fair Labor Standards Act of 1938, and for other purposes; to the Committee on Education and Labor.

By Mr. RANKIN (by request):

H. R. 5604. A bill to amend section 302 of the Servicemen's Readjustment Act of 1944, as amended; to the Committee on Veterans' Affairs.

By Mr. RHODES:

H. R. 5605. A bill to increase from \$600 to \$1,000 the income-tax exemptions of an individual taxpayer for himself and for his spouse or other first dependent; to the Committee on Ways and Means.

By Mr. RANKIN (by request):

H. R. 5606. A bill to facilitate cooperation of recognized organizations with the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. KEE:

H. R. 5615. A bill to promote the foreign policy of the United States and to authorize participation in a cooperative endeavor for assisting in the development of economically

underdeveloped areas of the world; to the Committee on Foreign Affairs.

By Mr. RAINS:

H. R. 5616. A bill to amend the National Housing Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mrs. ROGERS of Massachusetts:

H. Res. 281. Resolution to authorize the Committee on Interstate and Foreign Commerce to sit and act during the present Congress at such times and places, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary; to the Committee on Rules.

By Mr. JACOBS:

H. Con. Res. 102. Concurrent resolution to provide for the attendance of a joint committee to represent the Congress at the eighty-third and final National Encampment of the Grand Army of the Republic; to the Committee on Rules.

H. Con. Res. 103. Concurrent resolution to provide funds for the expenses of the joint committee created pursuant to H. Con. Res. 102; to the Committee on House Administration.

By Mr. PATTEN:

H. Con. Res. 104. Concurrent resolution to seek development of the United Nations into a world federation; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADDONIZIO:

H. R. 5607. A bill for the relief of Mrs. Ellen J. Bourke; to the Committee on the Judiciary.

H. R. 5608. A bill to provide for the readmission of Antonia Paride Scavuzzo to United States citizenship; to the Committee on the Judiciary.

By Mr. D'EWART:

H. R. 5609. A bill authorizing the Secretary of the Interior to issue a patent in fee to B. M. (Bud) Phelps; to the Committee on Public Lands.

H. R. 5610. A bill authorizing the Secretary of the Interior to issue a patent in fee to Emma Phelps Glenn; to the Committee on Public Lands.

H. R. 5611. A bill authorizing the Secretary of the Interior to issue a patent in fee to Charles W. Phelps; to the Committee on Public Lands.

By Mr. PATTEN:

H. R. 5612. A bill for the relief of Mr. and Mrs. Charles R. Proctor; to the Committee on the Judiciary.

By Mrs. ST. GEORGE:

H. R. 5613. A bill for the relief of Boris Batchvaroff; to the Committee on the Judiciary.

By Mr. CARLYLE:

H. R. 5614. A bill for the relief of John S. Downing; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1282. By Mr. NORBLAD: Petition signed by Mrs. D. L. Clemens, of Lafayette, Oreg., and 13 other citizens of Yamhill County, Oreg., urging passage of a bill to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic-beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1283. By the SPEAKER: Petition of Texas Sheep and Goat Raisers Association, Inc.,

San Angelo, Tex., relative to the bill S. 1821, and reaffirming deep interest, and requesting passage of this legislation, which would place mohair under the Wool Labeling Act; to the Committee on Agriculture.

1284. Also, petition of Veterans of Foreign Wars, Austin, Tex., requesting the extension of the period of time during which readjustment allowances may be paid until July 25, 1954, as embraced in H. R. 1374, or under some similar legislation; to the Committee on Veterans' Affairs.

1285. Also, petition of Mrs. Beulah Hand and others, Gainesville, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1286. Also, petition of Mrs. Arthur Clive and others, Orlando, Fla., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1287. Also, petition of J. H. Robert and others, Salina, Kans., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1288. Also, petition of Mrs. Ray Christie and others, Le Sueur, Minn., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1289. Also, petition of Charles W. Olcott and others, Portland, Oreg., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1290. Also, petition of Stella Ayers and others, Salem, Oreg., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1291. Also, petition of Gertrude Randall and others, Seattle, Wash., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

1292. Also, petition of Jens Stenegaard and others, Seattle, Wash., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.

## SENATE

WEDNESDAY, JULY 13, 1949

(Legislative day of Thursday, June 2, 1949)

The Senate met, in executive session, at 12 o'clock meridian, on the expiration of the recess.

Rev. Bernard Braskamp, D. D., pastor of the Gunton Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou eternal God, whose blessings are abundantly adequate for all our needs, we pray that we may incarnate the spirit of the Master and seek to preserve the splendor and continuity of His ideals and principles as we try to build a nobler civilization.

We humbly confess that, in our struggles to surmount the obstacles which confront us in this high adventure, we so frequently place our confidence solely in human calculations and human ingenuity instead of appropriating by faith the spiritual resources which Thou hast placed at our disposal.

Grant that our own beloved country may be in the vanguard of the nations